



Daily Report

China

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Daily Report

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4 January 1989

NOTICE TO READERS: An # indicates material reprinted from the 3 January China DAILY REPORT that was truncated because of technical difficulties.

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General

U.S. Downing of Libyan Fighters Reported

HK0401133089 Beijing XINHUA in English
1313 GMT 4 Jan 89

["U.S. Jet Fighters Bring Down Libyan Planes"—XINHUA headline]

[Text] Washington, January 4 (XINHUA)—U.S. Defense Department announced today that U.S. jet fighters shot down two Libyan planes in a confrontation Wednesday [4 January] over the Mediterranean Sea.

Pentagon spokesman Lt. Col. Rick Oborn said the Libyan planes, Soviet-made MIG-23s, were brought down by F-14 fighters from the aircraft carrier John F. Kennedy "in the Middle of the Mediterranean" in international waters.

He said he had no information on who started the air battle, the first confrontation between the United States and Libya since U.S. jets bombed the Libyan capital of Tripoli in 1986.

On Tuesday, Pentagon spokesman Dan Howard said that a U.S. aircraft carrier battle group, headed by the newest nuclear-powered Theodore Roosevelt and including 12 warships and 2,000 Marines, is on the way to the Mediterranean where the John F. Kennedy carrier battle group is on duty.

He denied the movement, which began last Friday, was aimed at Libya. It was a "previously planned" deployment, he said.

Meanwhile, U.S. State Department spokesman Charles Redman said Tuesday that Libya has secretly started producing chemical weapons at a plant 50 miles southwest of Tripoli and President Ronald Reagan warned last month that the United States is discussing with its allies the possibility of taking military action to destroy the Libyan chemical weapons factory.

Qian Qichen Leaves for Chemical Weapons Meeting

OW0401001989 Beijing XINHUA in English
1430 GMT 3 Jan 89

[Text] Beijing, January 3 (XINHUA)—Chinese Foreign Minister Qian Qichen left here by air tonight at the head of a Chinese delegation to attend the International Conference on Abolishing Chemical Weapons, which is to be held in Paris between January 7 and 11.

The meeting is called the Conference of Party States to the 1925 Geneva Protocol and Other Interested States.

Qian is scheduled to deliver a speech at the conference, expounding China's position on peace, disarmament, and prohibition of chemical weapons.

China is one of the party states to the 1925 Geneva Protocol, which calls for prohibition of the use of chemical and bacteriological weapons in wars.

So far, 110 countries have participated in the protocol.

Before and after the conference, Qian will pay an official visit to Yugoslavia, France, and Romania respectively at the invitation of his counterparts of the three countries.

Qian Qichen on China's Diplomatic Achievements

HK0401034789 Beijing RENMIN RIBAO in Chinese
30 Dec 88 p 1

[XINHUA Report: "Qian Qichen Says China Achieves Major Successes in Foreign Affairs During an Interview With XINHUA Reporters"]

[Text] Beijing, 28 Dec (XINHUA)—Foreign Minister Qian Qichen said: In 1988, China continued to pursue the independent peace foreign policy and made major achievements.

In response to XINHUA reporters' questions, Qian Qichen said: "We made positive efforts to advance the detente in the international situation, especially in the process of normalizing Sino-Soviet relations. We also made new and important efforts to promote the fair and reasonable political settlement of regional conflicts, such as the Cambodian issue."

He said: In the past year, China made new progress and achieve marked results in developing friendly and cooperative relations with other countries in the world, in improving and developing good-neighborly relations with the neighboring countries, and in actively developing economic relations and trade with various countries and regions.

When talking about the tendency of detente in the present international situation, Qian Qichen said: "The tendency to replace confrontation with dialogue and to change tension into detente is now becoming a global tendency, and it is expected that this tendency will last for a fairly long time. We welcome this tendency. However, this does not mean that the world will become peaceful forever. The inherent contradictions and unstable factors still exist; the arms race has not come to an end; and problems in many hot spots have yet to be settled.

He said: It should be particularly pointed out that the North-South gap continued to widen, and the developing countries face more economic difficulties. Most countries and the majority of the world's population remain in a less developed or even poor condition. This is unfavorable to world peace and stability and mankind's progress and development.

A reporter asked: "Can you please comment on your recent visit to the Soviet Union? What influence will the improvement of Sino-Soviet relations produce on the world situation?"

Qian Qichen said: "In the past few years, we constantly called for removing the obstacles and realizing the normalization of Sino-Soviet relations. Through efforts over a long time, things have begun to develop in the orientation of removing the obstacles and solving the problems. This process will continue. The main purpose of my visit to the Soviet Union in December was to deeply discuss the Cambodian issue with the Soviet Union and to promote the process of normalization of relations between the two countries by making necessary preparations for the meeting between senior leaders of the two countries. This visit was fruitful, and it indicated that the process of normalization of Sino-Soviet relations had entered a new stage. Of course, there were still some differences between the two sides. So we still have to do a great deal of work before the holding of the high-class meeting between the two countries.

When talking about the development prospects of Sino-U.S. relations, Qian Qichen said: On 1 January 1989, the second decade after the establishment of diplomatic relations between the PRC and the United States will begin. In the first decade, through efforts made by both sides, Sino-U.S. relations in general developed steadily, and the two countries made marked progress in exchanges and cooperation in many fields. Past experience shows that although the social systems and ideologies in the two countries are different, and their economic development attains different levels, so long as both sides comply with the historical trend of peace and development, observe the three Sino-U.S. joint communiques, and continuously overcome difficulties and obstacles, then relations between the two countries will be able to develop steadily for a long time.

He said: Under the new international situation in which confrontation is being replaced with dialogue and tension is giving way to detente, it is of great significance to maintain and promote the smooth development of Sino-U.S. relations.

With regard to relations between China and other Third World countries, Qian Qichen said: "Strengthening unity and cooperation with Third World countries is a basic principle in our foreign policy. China is also open to the Third World. In 1988, 18 heads of state and government leaders of Third World countries visited China, and this strengthened friendly and cooperative relations between China and these countries.

He said: In the new year, China will continue to actively carry out multitiered exchanges with Third World countries in various forms and in various fields, and will actively expand and deepen the friendly and cooperative relationship with them. China and other Third World countries face the same task of making full use of the

current peaceful international environment to speed up their economic development. They should of course rely on their own strength, but it is also necessary to promote South-South cooperation, to promote the North-South dialogue, and to establish a new international economic order based on equality and mutual benefit. China is willing to join hands with other Third World countries in making unremitting efforts for this purpose.

NPC Delegations Report on Visits Abroad
HK0101064689 Beijing RENMIN RIBAO in Chinese
25 Dec 88 p 4

[XINHUA Report: "NPC Delegation Reports on Its Visits to South America, the Middle East, and Europe"]

[Text] Beijing 24 Dec (XNA)—NPC Standing Committee Vice Chairmen Bainqen Erdini Qoigyi Gyaincain, Liao Hansheng, and Chen Muhua have submitted separate written reports on NPC delegations' visits to South America, the Middle East, and Europe to the fifth session of the seventh NPC Standing Committee.

The NPC delegation headed by NPC Standing Committee Vice Chairman Bainqen Erdini Qoigyi Gyaincain made a 17-day official visit to the Republic of Bolivia, the Oriental Republic of Uruguay, and the Federative Republic of Brazil between 8 and 26 October. The reports pointed out that the recent visits have promoted mutual understanding, strengthened friendship, formed stronger ties between the NPC and the parliaments of the three countries, and accomplished the expected purpose.

It was proposed in Vice Chairman Bainqen Erdini Qoigyi Gyaincain's report that China pay attention to and strengthen the friendly ties with the parliaments of Latin American countries. It was also pointed out that Bolivia's highlands are similar to the Tibet Autonomous Region in China in geography and climate, and that there are possibilities for their cooperation based on mutual benefits in such areas as highland farming, herding, and medicine.

The NPC delegation headed by NPC Standing Committee Vice Chairman Liao Hansheng carried out friendly visits to the Arab Republic of Egypt, the Syrian Arab Republic, and the Republic of Cyprus. His report said that during the delegation's visit to Cyprus, the delegation reaffirmed China's persistent stand regarding the Cyprus question and stated that China has always shown concern for it, been sympathetic toward the Cypriots' fate, and respected the independence, sovereignty, unity, integrity of territory, and nonaligned status of Cyprus. It is hoped that their talks based on the relevant resolution of the UN General Assembly will be successful, so that the dispute will come to a just and rational settlement.

At the invitation of the European Parliament and the Swedish Parliament, the NPC Delegation headed by Chen Muhua visited Strasbourg and Sweden between 10 and 18 December. On the way, they visited the United

Kingdom and made contact with the Danish Parliament while transiting Denmark. Her report said that the recent visit had deepened understanding, strengthened friendship, and promoted the development of bilateral relations.

The report suggested that parliamentary ties be strengthened to promote the friendly cooperation between various nations and that China's investment climate be further improved so as to be favorable to absorbing foreign investments in China. It was proposed that there be further study in these areas to adopt necessary measures and to make complete and perfect legislation for foreign economic relations.

'Yearender' Reviews Afghanistan Issue
HK3112070188 Beijing RENMIN RIBAO in Chinese
27 Dec 88 p 7

["Yearender" by Gui Tongchang (2981 6639 2490):
"Afghanistan Issue: Breakthroughs and Setbacks"]

[Text] In the past year, through the mediation of the United Nations and the efforts of the parties concerned, the political settlement of the Afghan issue made great progress, but some twists and turns also appeared in the course of advances.

Under the sponsorship of the United Nations, Pakistan and the Kabul regime in Afghanistan held indirect talks in Geneva. Through 6 years of arduous talks, the two sides concluded an agreement on the political settlement of the Afghan issue in April of this year. On 14 April, representatives of Pakistan, the Kabul regime in Afghanistan, the Soviet Union, and the United States signed the agreement. The official signing of the Geneva agreement represented a significant step forward in the course of seeking a fair and all-around political solution for the Afghan issue, and was extensively welcomed by the international community.

The Afghan issue was caused by the invasion of the Soviet troops. So the key to a political solution for this issue must be the withdrawal of all Soviet troops from Afghanistan. This will not only be favorable to the Afghan people and to the maintenance of peace, security, and stability in the South Asia region and in the whole world, but will only be in line with the fundamental interest of the Soviet people. Therefore, force withdrawal was a sensible decision, and public opinion throughout the world favorably commented on this.

However, after 16 August, the Soviet Union obviously slowed down the pace of force withdrawal, and even stopped withdrawing its troops. On 4 November, the Soviet Union announced that it would suspend its force withdrawal from Afghanistan.

A major reason why the Soviet Union delayed its force withdrawal was the setbacks of the so-called "national reconciliation" policy pursued by the Soviet and Afghan authorities.

In the past year, the Soviet and Afghan authorities more actively pursued the policy for "national reconciliation," but they insisted on establishing a provisional coalition government with the existing Kabul regime as the mainstay and with the participation of the resistance forces and representatives of various social circles. The Kabul authorities expressed willingness to hold talks with the resistance forces on the organization of such a coalition government and "share power" with them. Some minister positions or even the office of prime minister could be given to the resistance forces. In order to demonstrate their sincerity, the Kabul authorities reorganized the cabinet, and appointed a nonpartisan as prime minister. They also released some political prisoners and adopted some measures for Islamization. However, the resistance forces still refused to join hands with the Kabul regime in establishing the coalition government. They declared that their aim is to overthrow the Kabul regime and establish their own government. They announced the establishment of their provisional government this June. Because the positions of the two sides were still sharply antagonistic, the Kabul regime saw its "national reconciliation" policy fall through.

The intensification of the military confrontation on the battleground was another major reason why the Soviet Union slowed down the speed of its force withdrawal and announced the suspension of the withdrawal. The Afghan resistance forces did not sign the Geneva agreement, so it did not have to bear any commitment to the agreement and was not bound by the agreement.

After the Geneva agreement was signed, the seven-party alliance and other factions of the resistance forces in Afghanistan all refused to accept the agreement, and stated that they would continue to fight until the final Soviet soldier leaves Afghanistan and Najibullah's regime is overthrown. After the Soviet troops began to withdraw, battles did not stop but became even more intense. After the Soviet troops withdrew from the southeast area of Afghanistan, the Kabul regime tried to control the strongholds and towns in this area, but the resistance forces broke through and captured this area. At the same time, they continuously intensified missile raids against Kabul and encircled and harassed Qandahar and other cities. This deeply upset the Soviet and Afghan authorities.

Under these circumstances, the Soviet Union intensified its military actions against the Afghan guerrillas, increased military assistance to the Kabul regime, and deployed advanced Mig-27 bombers and SS-1 tactical missiles in Afghanistan. On the other hand, Moscow continually accused the United States and Pakistan of

violating the Geneva agreement and continuing to offer assistance to the Afghan resistance forces, and threatened to "retaliate" and carry out "self-defense."

Then, the Soviet Union announced that due to the "current situation in Afghanistan," it would suspend the force withdrawal. General opinion held that by taking this action, the Soviet Union tried to weaken the Afghan guerrilla forces and increase the military strength of the Kabul regime so as to create better conditions for the withdrawal of the Soviet troops. At the same time, this will increase the bargaining strength of the Kabul regime in its future talks with the resistance forces.

Although some twists and turns appeared in the course of the Soviet force withdrawal, the process of settling the Afghan issue is still advancing. Recently, the representatives of the Soviet Union and the Afghan resistance forces held their first direct talks in Taif City, Saudi Arabia. In order to settle the Afghan issue, the Soviet Union cannot evade contacts with the resistance forces. Although no substantive progress was made in the talks, both sides agreed to hold further talks. People also noticed that the Soviet representative Voronzhev [3087 7893 1563 1133] indicated that the Soviet Union will withdraw its troops from Afghanistan according to schedule or ahead of the schedule.

The withdrawal of Soviet troops from Afghanistan was a major international event in 1988, and it has produced certain positive influence in promoting the settlement of other regional issues. As a signatory to the Geneva agreement, the Soviet Union has the obligation of withdrawing all its troops from Afghanistan according to schedule. Opinion holds that so long as all parties concerned strictly act according to the requirements of the Geneva agreement, the Afghan issue can be settled in a fair and reasonable way.

Daily Views U.S. Latin American Policy
HK3112073788 Beijing RENMIN RIBAO
in Chinese 27 Dec 88 p 7

["Yearender" by RENMIN RIBAO reporter Guo Weicheng (6753 0251 2052): "Retrospects and Prospects of U.S. Policy for Latin America"]

[Text] In 1988 some new changes appeared in relations between the United States and Latin American states. The United States still regards the vast area of Latin America as its strategic rear. But its influence and effect on this area have obviously declined. There has been a further increase in the trend toward independence and autonomy in Latin American states.

At the 18th General Assembly of the Organization of American States held not long ago, the United States could no longer assume its "patriarchal" role and call the shots. On the contrary, it was subjected to the "embarrassment" of being criticized. It was the target of attack by all. A document distributed by a group of eight Latin

American states accused the United States of sabotaging relations among Latin American states, touching off a crisis in the Organization of American States. The document also pointed out: The United States has all along treated the organization as a tool for "legitimizing" its unilateral behavior and thought nothing of the criterion for relations among American states. Regarding the problem of drug prohibition, the United States, as the largest consumer market for drugs, should logically assume a greater share of the responsibility and make still greater efforts. It cannot just make a point of accusing Latin American states of not being keen on banning drugs. The General Assembly also approved the "Protocol of Cartagena" signed by American states in 1985. This protocol in essence called for an amendment to the Charter of the Organization of American States. It opposed the United States using this regional organization as a vehicle to push its own strategic policy. The protocol called for the promotion of the process of democratization on the basis of the principle of noninterference in each other's internal affairs. The above situation shows that the Latin American states want the United States to readjust its relations with them and assume an attitude of "partners on an equal footing" in joining American states in handling regional affairs.

If in a review of the past 1 year, we should say that the United States has fallen far short of its own standard and lost much face in regard to the Panamanian problem, then the United States in its approach to the Nicaraguan problem in Central America has also quite exhausted its every trick. Early this year, at a time of an acute internal struggle in Panama and with tense relations existing between Panama and the United States, the latter almost exhausted all diplomatic, political, economic, and military means available in applying pressure on Panama. This could be equated with a trial of strength. But unexpectedly, Panama finally overcame its difficulties, resisting pressure and sticking it out. The turbulent domestic situation was taken in stride. The U.S. Administration could only again put out feelers about resuming negotiations with Panama. This was the first of its kind in relations between the United States and a Latin American state. On the problem of Central America, the U.S. policy has similarly run into setbacks. At the Organization of American States General Assembly, when El Salvadoran President Duarte asked the General Assembly to make a statement against El Salvadoran guerrillas, only the U.S. Secretary of State applauded. Even Honduras, that had all along taken orders from the United States, failed to go along. The United States has openly or secretly supported the contras in Nicaragua offering them substantial military and economic aid, with the intention of overthrowing the Nicaraguan Government with force. But the Nicaraguan Government has so far not been removed from power. On the contrary, under the auspices of Latin American states, five Central American countries have begun to keep in contact and hold talks, taking a step forward toward peace. Now, perhaps even the U.S. Administration itself will also not count on the Sandinist government's likely

collapse under the attack of contras. This is probably also what the U.S. Reagan administration has never expected in its 8 years in office.

It can be seen that the scope within which the United States can act in regard to the problem of conflicts between some regions and countries has become increasingly limited.

At present, there is a relatively big gap between the foreign and economic policies pursued by the U.S. Administration and the stand of Latin American states. This chiefly finds expression in the problem of debt and development. As the largest creditor country among most Latin American states, the United States still insists that Latin American states make further economic readjustments and greatly reduce public spending to meet foreign obligations. But Latin American states have found sustained recession more than they can bear. Without domestic economic growth, Latin American states will not have the ability to make principal and interest payments. In fact, Latin American states have already made great sacrifices. Take Mexico for example. Its total amount of foreign debt stands at \$103 billion. But principal and interest payments in the past 6 years have accounted for \$88 billion, an increase of 9 percent over the total amount of foreign debt in 1982. Because of the need to pay foreign debts, Latin American states have witnessed an accelerated flight of capital, paying a very heavy social and political price. Therefore, they request the United States and other creditor countries to take a "realistic" attitude in solving the debt problem. Only through such practices as lowering interest rates, providing new loans, postponing the date of payment and opening the market to Latin American states can Latin American states be enabled to pay debts, given economic growth and social stability. Also, the policy of trade protectionism adopted by the United States toward Latin American states has left the Latin American states dissatisfied.

As to the outlook for future U.S. policy toward Latin America, it is still too early to make various predictions. But more and more of public opinion holds that no matter who is the next president, the U.S. Administration will be forced to make policy readjustments to improve relations between the United States and Latin American states. Bush's appointment of former Secretary of Finance Baker as the new government's secretary of state has aroused widespread attention. People have generally held that Baker's relatively deep understanding of the debt problem will help the United States take a more realistic attitude in dealing with debtor Latin American states. Regarding the problem of Central America, in a speech after his being elected President, Bush pointed out that the U.S. strategy calls for democracy and self-determination, economic growth, respect for human rights, a solution of disputes through negotiations with foreign countries, and cooperation in coping with the threat to peace and security. This shows that while adhering to the Reagan administration's Central

American policy, Bush will make some strategic readjustments. Latin American states show great concern over this. They hope that in the new year, the relations between Latin America and the United States can improve on the basis of equality and mutual benefits.

Asia Bank Approves 100-Million Dollar Loan
HK3012125488 Beijing CEI Database in English
30 Dec 88

[Text] Manila (CEI)—The Asian Development Bank has approved a 100-million-U.S.-dollar loan to China. Of this, 3 million U.S. dollars will go to the Shanghai Investment and Trust Corporation.

The Chinese Government will use this foreign currency loan to finance the import of equipment by small- and medium-size industrial enterprises, especially those in Shanghai, for the renovation of facilities and the expansion of their production capacities.

The 3 million dollars for the Shanghai Investment and Trust Corporation will finance privately-owned industrial enterprises and the service trades in this coastal city.

Meanwhile, the Asian Development Bank has also agreed to provide the Shanghai Investment and Trust Corporation with technical assistance worth 450,000 U.S. dollars.

United States & Canada

Closer Bilateral Relations With U.S. Expected
HK0201134289 Beijing RENMIN RIBAO in Chinese
1 Jan 89 p 3

[Article by Zhang Liang (1728 0081): "The Second Decade of Sino-U.S. Friendly Cooperation"]

[Text] On this day 10 years ago, the PRC and the U.S. officially established diplomatic ties, and thus opened a new chapter of bilateral relations. On the whole, it appears that Sino-U.S. relations have been developing smoothly over the past 10 years. This is a gratifying development.

We are glad to see that, despite twists and turns, friendship and cooperation have been constantly developing between China and the United States in the past 10 years since the establishment of diplomatic ties. There have been frequent exchanges of visits between Chinese and U.S. leaders, which have helped enhance mutual understanding and have served as a new motive force to the development of bilateral relations. Remarkable progress has been made in exchange and cooperation in the fields of economic relations, trade, science and technology, culture, education, sports and physical culture, journalism, and so on. The volume of trade between China and the United States in 1987 was 8 times as much as that recorded when the two countries established diplomatic ties. Now the United States is China's second largest

foreign trade partner and ranks second among other foreign countries in terms of the amount of private investments in China. The scale of exchange of personnel between China and the United States has expanded rapidly too, which has helped to substantially increase mutual understanding and friendship between the Chinese and U.S. peoples.

All these achievements were hard-earned. They are the results of common efforts by Chinese and American leaders and people. The steady and smooth development of Sino-U.S. relations should be attributed to the common desire of the Chinese and U.S. Governments and peoples for the development of bilateral friendship and cooperation and to the unremitting efforts they have made in this respect. The Chinese Government has always set store in Sino-U.S. relations. In our eyes, the smooth development of Sino-U.S. relations not only conforms with the fundamental interests of both the Chinese and U.S. peoples but is also conducive to peace and stability in the Asia-Pacific region and the world. This has been more and more clearly proved by facts in the past 10 years.

Of course, reviewing the development of Sino-U.S. relations in the past 10 years, one cannot depict the process as plain sailing and, for sure, some difficulties and obstacles have yet to be surmounted. No one can deny the fact that the Taiwan issue is a major obstacle and, so long as this issue remains unresolved, the development of Sino-U.S. relations will be hampered or undermined. After all, the Taiwan issue is a threat to the smooth development of Sino-U.S. relations. In fact, the Sino-U.S. joint communique on the establishment of diplomatic ties and the Sino-U.S. 17 August joint communique clearly defined a guideline on the Taiwan issue. The problem can be readily solved so long as both sides observe the agreement and strictly abide by the set principles. It will be conducive to the settlement of the Taiwan issue if the U.S. Government can play a positive role in pushing for "three communications" and reunification between Mainland China and Taiwan. Once this issue is resolved, we believe that a brand new type of relations will be developed between China and the United States. Another thing we must remember is that incidents involving interference in China's internal affairs have taken place in the United States from time to time. Although these activities involve only a handful of Americans, they have seriously hurt the Chinese people's feelings, undermined Sino-U.S. relations, and had bad effects that must not be ignored. Both China and the United States are sovereign states. We hope that both sides can observe the five principles of peaceful coexistence, make more efforts to promote the development of bilateral relations, and restrain themselves from interfering in each other's internal affairs and from doing anything that may hurt the other side's national feelings and undermine bilateral relations.

China is the world's largest developing country with rich resources and an enormous market. The United States is the largest developed country with huge funds and

advanced technology. There are vast vistas for expansion of economic relations, trade, and scientific and technological cooperation between China and the United States. However, the present state of cooperation in these fields does not match with the status of the two countries and their favorable conditions. The total value of China's exports to the United States accounts for less than 1 percent of the United States' import volume, while the United States' investment in China accounts for less than 0.3 percent of its overseas investment. Therefore, it is true that there is much room for expansion in cooperation in either the field of trade or science and technology. We are looking forward to bigger strides to be made in Sino-U.S. trade and a bolder and more active attitude to be taken by U.S. businessmen in making investments in China. At the same time, we hope the United States will further lift restrictions on technological transfers and discard some discriminatory import policies against China, so that the two sides can make up each other's deficiencies, help supply each other's needs, and thus upgrade bilateral cooperation in trade, science, and technology to a new level. Undoubtedly, China is still crippled by some deficiencies in its efforts to attract foreign funds and develop economic and technological cooperation. It has to make still greater efforts to increase the variety of its exports to meet the U.S. market's demand. All these await common efforts by both sides.

The course of development of Sino-U.S. relations over the past 10 years since the establishment of diplomatic ties has shown that the relations between the two countries are not conditional on their social systems and ideologies, but on their sincerity to strictly observe the five principles of peaceful coexistence. We believe that these principles are the most reliable norms to guide the relations between countries and to serve as the basis for a new international political order.

Nowadays, it has become a trend in the international community that dialogue and detente are to replace confrontation and tension. Given such a new situation, the further development of friendly and cooperative relations between China and the United States is still of great importance. There are vast vistas for friendship and cooperation between the two countries. At present, the reform and opening up process is developing in depth in China, providing a good opportunity for the further expansion of Sino-U.S. relations. As in the United States, a new administration is going to assume office. President Reagan has made fruitful efforts to promote Sino-U.S. relations; and President-elect Bush, a leader with whom the Chinese people are familiar, has also made many valuable contributions to the enhancement of friendship and cooperation between China and the United States. We are convinced that during the term of the new president, Sino-U.S. relations will grow more healthily and steadily on the basis of the principles laid down by the three joint communiqués.

Former President Carter on Sino-U.S. Relations
HK0401043389 Beijing RENMIN RIBAO in Chinese
31 Dec 88 p 7

["Special Interview" by RENMIN RIBAO reporter Zhang Yunwen (1728 0336 2429): "Former U.S. President Jimmy Carter Talks About the Establishment of Sino-U.S. Diplomatic Relations"]

[Text] Dispatch from Atlanta: "On 15 December, 1978, the leaders of both the United States and the PRC simultaneously announced that the United States and the PRC would establish diplomatic relations on 1 January of 1979. That was a turning point in the history of Sino-U.S. relations. I believe that the establishment of diplomatic relations between the United States and the PRC provided an opportunity for our two countries to cooperate with each other in developing the economy, promoting world peace, and maintaining the stability in the entire Asia-Pacific Region." These were the remarks made by former U.S. President Jimmy Carter in his office at the "Carter Center" in Atlanta when he was interviewed by our reporters.

Ten years ago, when Jimmy Carter was U.S. President, the relations between the PRC and the United States were normalized. Recalling the historical action taken by him, former U.S. President Jimmy Carter said: "That was the only instruction on a diplomatic action personally issued by myself from my office at the White House when I was U.S. President. I directly issued my instruction to our representative in Beijing. At that time, our negotiator was Woodcock. All the instructions to Woodcock had been personally drafted and issued by me from the White House. I was determined to accomplish that work as quickly as possible in order to enable our two great countries to recognize each other. At the end of January of 1979, Chinese Vice Premier Deng Xiaoping visited our country. Due to Iran's holding of U.S. hostages, I had to cancel my scheduled return visit to China in 1980. However, in the first year after I left the White House, I visited China."

Jimmy Carter said: "To me, the establishment of Sino-U.S. diplomatic relations was at once my presidential responsibility and my personal undertaking." Jimmy Carter believes that the actions taken by him in this respect were beneficial because, so far, such actions have caused no negative consequences.

At the "Carter Center" and the "Carter Museum Library," our reporters saw some precious materials recording the events that took place 10 years ago when China and the United States formally established diplomatic relations, such as the photos showing Chinese Vice Premier Deng Xiaoping's visit to the United States, the various agreements signed by Deng Xiaoping and Jimmy Carter, the letters personally written by Jimmy Carter to Brezinski, instructing him on questions concerning the establishment of Sino-U.S. diplomatic relations, the arrangements personally made by Jimmy Carter for the

state banquet held in honor of visiting Chinese Vice Premier Deng Xiaoping, the gifts presented to the United States by the visiting Chinese guests, and so on. Jimmy Carter said that it was not at all accidental that he placed the historical issue of establishing diplomatic relations with the PRC on the top of his agenda among numerous important issues he had to handle during his tenure of office.

Commenting on his various visits to China, the former U.S. President was very excited and said: "My first visit to China took place in April of 1949. At that time, I was a young submarine officer. The experience of my first visit to China still remains fresh in my memory." Commenting on his recent visit to China, which took place last year, Jimmy Carter said: "I had the opportunity to visit Chengdu, travelled on the Lijiang, visited some rural areas and talked to some peasants. In Lhasa, I met Bainqen Lama. In Beijing, I held beneficial talks with Chinese leaders on a number of questions." Jimmy Carter also said that he was deeply impressed by the warm welcome given to him by the Chinese people.

Jimmy Carter said: "Now China has achieved remarkable successes in its medical and health work, its control over the growth of its population, its rural reform, and some other aspects. Compared with the past, the Chinese people are more willing to express their views. I am really happy to see all these changes."

Jimmy Carter also highly praised China for its implementation of various measures aimed at reducing its defense expenditure. He said: "Another significant change that has taken place in China is that over the past decade, China has exerted its utmost to seek peace and improve the economic environment. China has been highly appreciated for its efforts in this respect. Moreover, China has also taken the initiative to reduce its defense expenditure. I think that reducing defense expenditure will help to further boost China's economic development. China has set a very good example for other countries in the world in this regard. All these changes are very beneficial."

Commenting on the future development of the Sino-U.S. relations, Jimmy Carter said: "I hope that the peoples of our two countries will continue to increase their bilateral contacts. I also hope that more American students will go to China to study Chinese and studies about China and that more American tourists will go to visit China. I hope that China and the United States will more smoothly, more naturally, and persistently carry out cooperation with each other and continue to exchange views on carrying out the development of the economic, education, and health work and reducing the miseries of the Third World. The views exchanged between China and the United States have already proved to be very successful in China. I also hope that our government will continue to listen to the views, suggestions, and worries of China on some sensitive questions in world affairs."

At the end of the interview, former U.S. President Jimmy Carter said to our reporters: "Please tell the Chinese people, I am very grateful for their friendship."

Kissinger Interviewed on Sino-U.S. Relations
HK0301022789 Beijing RENMIN RIBAO in Chinese
26 Dec 88 p 6

[Article by RENMIN RIBAO reporters Zhang Qixin (1728 0796 2500) and Cang Lide (0221 4539 1795): "An Interview With Dr Henry Kissinger"]

[Text] One day in December, in the morning, these reporters specially drove from Washington to New York to interview Dr Henry Kissinger and listen to his opinion of Sino-U.S. relations and on the current international situation. In a tall Manhattan building, Dr Kissinger led us into his office and asked his secretary to prepare tea for us. Then, we were seated on the sofas.

He first recalled the development of Sino-U.S. relations in the past 10 years. He said: "We have made great progress in the past 10 years. If we compare the present conditions with those 10 years ago, we will find how much progress has been made." He pointed out that among major foreign policy issues, Sino-U.S. relations represented the only issue that did not face any challenge in the general election because the two parties had no difference on it. In this respect, no major difference or upset has ever occurred. This is an astonishing achievement. He said: "Now economic relations between the two countries are improving, and political relations are being consolidated, and the two countries are cooperating in many fields. This is a very good thing." When talking about the prospects of Sino-U.S. relations, Kissinger said that we have entered a new stage. The United States is now situated in a very active stage in its relations with the USSR and China is also preparing for talks at the highest level with the USSR. So "both of us must prudently protect the essence of our friendly relations. Neither side should make the other side feel that it is making a deal behind the other side's back. I believe that we will be able to properly handle this." In addition, the United States should know how to cooperate with China in the course of China's development. He said that it is necessary to help people have foresight in approaching China affairs so that the Americans will invest more in China, and China will obtain technology that it needs. He added: "We must also attach importance to such outstanding issues as the Taiwan issue in order to guarantee that the process of Sino-U.S. relations will continue in the positive orientation."

Dr Kissinger is well-known for his profound knowledge about international issues, and he often publishes books and essays to express his original opinions. Among other former secretaries of state in the United States, no one has maintained such prolonged influence on the U.S. foreign policy as he has. When talking about the current international situation with these reporters, he said: "At present, tensions in the international situation are being

relaxed; on the other hand, however, no rapid change has occurred in the basic tendencies in various countries. The present question is whether we will be able to really seek peaceful coexistence with the USSR. We are always trying to realize this, and you are also continuously discussing this. This should not be tinged with any emotional color, but should be based on accurate evaluation of the international issues." Not long ago, Dr Kissinger made a televised speech to comment on Soviet leader Gorbachev's visit to New York and his speech to the UN General Assembly. He said that Gorbachev's speech was of great significance and was a smart one. Kissinger is now writing a long essay to discuss this issue and will publish it soon. He said: "In my opinion, Gorbachev, by assuming a new posture, is doing his utmost to seek the largest possible national security for the USSR, and of course, this is above criticism. Although his speech was full of wit, it could not solve the fundamental issue. The fundamental issue is the military strength of the USSR. That is why I must deeply understand and analyze the real implication of the Soviet proposal."

After Dr Kissinger left government office, he continued to be active on the international stage. On the windowsill of his office, there were colored photos taken when he met with leaders and famous statesmen of various countries in recent years. Among them, there was a photo of Kissinger and Chinese leaders Deng Xiaoping and Yang Shangkun. When talking about China's economic reforms, Kissinger said that the Chinese leaders have great courage to carry out such reforms, because the problems that China, with a population of 1 billion people, would face might still be tremendous if the reforms were not carried out. Now the difficulty comes from the fact that if prices are not raised, the price reform will not be able to materialize; and without a price reform, the market mechanisms will not be brought into China's economy; but the price rise will upset the people. Therefore, the government decided to slow down the pace.

He said: China's reform needs various experiments, and this is a difficult task, which has never been tried by anyone. There is no precedence. However, when visiting China, "I found huge changes in cities and in the countryside. Things were unbelievable if they were compared with the conditions in 1971 when I first visited China."

Dr Kissinger visited China in 1971 for the first time via Pakistan, and made contributions to opening the door of Sino-U.S. relations. That visit became a legendary story in the United States. When recalling his past experience, Kissinger said: "China's style of handling foreign policy issues deeply impressed me. I feel that China's foreign policy was based on her accurate analysis of the international environment." "I was very willing to talk with the Chinese leaders, and they were firm and also sensible in safeguarding China's interests." He said that the useful

lesson he learned from this experience is that "two major countries, even when on bad terms with each other, can still break through their differences if they are able to make careful analyses."

South Dakota-Inner Mongolia Ties Planned

SK0301141189 Hohhot NEIMENGGU RIBAO in Chinese
11 Dec 88 p 1

[Text] On the evening of 10 December, Pei Yingwu, vice chairman of the autonomous regional people's government, received (Ernest Berkely) and (David Plazman), representatives of the governor of the U.S. State of South Dakota. During the reception, the host and guests held a friendly, fully effective talk on establishing friendly ties between the state and the autonomous region and on higher educational cooperation and exchanges between them.

The State of South Dakota is located in the middle of North America. In July 1988, George Mickelson, governor of South Dakota, sent a letter to the autonomous region in which he stated that "the state of South Dakota has many things in common and common interests and profits in many fields with the Inner Mongolia Autonomous Region." He expressed an earnest hope that friendly ties between the state and the region would be established. At the end of August this year, the region's delegation headed by Bu He, chairman of the regional people's government, and Pei Yingwu, vice chairman of the regional people's government, paid a visit to the U.S. State of South Dakota. During their visit, representatives from both sides adopted a resolution through consultation on establishing friendly ties between the state and the region and on carrying out cooperation and exchanges in the fields of agriculture, animal husbandry, industry, foreign trade, science and technology, culture, and education. In the middle of September this year, Governor George Mickelson sent a letter to Chairman Bu He in which he again expressed his hope that "a sistership between the state and the region would be established, which would come true pretty soon." At the beginning of November, (David Plazman), director of South Dakota Economic Development and Foreign Trade and Sales Department, who was entrusted by Governor George Mickelson, again sent a telegram to Chairman Bu He in which he expressed that the state plans to dispatch a delegation to the region to hold a talk on the concrete agreement of establishing friendly ties between the state and the region. At the invitation of Chairman Bu He, representatives from the U.S. State of South Dakota arrived in the region on the evening of 9 December.

Vice chairman Pei Yingwu, on behalf of Chairman Bu He, received the representatives of the South Dakota governor and extended a welcome to their visit.

During the reception, the representatives of the South Dakota governor expressed their profound condolences on the death of Ulanhu, vice chairman of the NPC Standing Committee.

Vice Chairman Pei Yingwu, on behalf of Chairman Bu He, held a talk with the American representatives, in which they adopted a decision that the agreement of establishing friendly ties between the state and the region will be signed in May 1989. In line with the principle of equality and mutual benefits, both sides are willing to adopt multiple ways to carry out extensive exchanges and cooperation in the fields of industry, agriculture, animal husbandry, the economy, trade, science and technology, medical, culture, and education so as to promote the prosperity of both the state and the region and to enhance the understanding and friendship between the people of the state and the region.

Vice Chairman Pei Yingwu, on behalf of Chairman Bu He, issued an invitation to Governor George Mickelson, who is scheduled to visit the region in May 1989 for the formal signing of the friendship agreement. These American representatives happily accepted the invitation.

After the reception, Pei Yingwu hosted a banquet in honor of the American guests.

Bai Yun, director of the regional foreign affairs office, attended the banquet and reception.

On the morning of 10 December, the representatives held a talk with Director Bai Yun and visited the Neimenggu University that afternoon. They also toured the city of Hohhot and sponsored a forum with the responsible persons of the regional higher educational institutions.

American Books Help Chinese Understand U.S.
OW3112020888 Beijing XINHUA in English
1502 GMT 30 Dec 88

[Text] Beijing, December 30 (XINHUA)—The great number of translated American literary and academic works flooding into China since the normalization of Sino-U.S. relations 10 years ago have helped increase Chinese people's understanding of the United States.

According to recent statistics issued by the Institute of American Studies of the Chinese Academy of Social Sciences, China has published in the past 10 years more than 1,200 titles of Chinese versions of American books, and works about the U.S. and Sino-U.S. relations.

Now Chinese readers can easily find Chinese versions of American bestsellers in book stores and stalls throughout the country. And a number of American writers, including Sidney Sheldon, Daniel Steele, Robert Ludlum, and Jackie Collins, have become well-known to Chinese readers.

Of these American writers, Sheldon is the most popular among Chinese readers as his novels portray American social life vividly, as well as thrilling scenes. "If Tomorrow Comes," one of his eight novels published in China, has five different Chinese versions with a total impression of 500,000 copies.

A specialist at the Institute of American Studies told XINHUA: "All this reflects the fact that the Chinese people hope to know more about the United States."

Leading Chinese writer Shi Xianrong said that intellectuals prefer the classical works of American literature such as those by Ernest Hemingway and William Faulkner to the bestsellers.

Chinese scholars and literature lovers held two academic symposiums on Hemingway in Nanjing and Xiamen, respectively, in 1986 to mark the 25th anniversary of the American writer's death.

Nowadays, Shi said, Faulkner's works have become more popular.

In 1986, American entrepreneur Lee Iacocca's autobiography became a hit in China and was published in five different Chinese versions.

It seems, according to some Chinese specialists, that the United States is no more a mysterious country to most Chinese people thanks to the great number of American books available in translation.

Soviet Union

Sino-Soviet Trade, Cooperation Viewed
OW0201012689 Beijing in Russian to the USSR
1900 GMT 29 Dec 88

[Unattributed feature on the trade ties and economic and technical cooperation between China and the Soviet Union]

[Text] Trade ties and economic and technical cooperation between China and the Soviet Union have been restored rapidly in the eighties. During the 1981-88 period, the overall volume of trade amounted to 22 billion Swiss francs, which is double the figure for the seventies. What kind of goods does China export to the Soviet Union? Since the 1980s, China has supplied more than 500,000 tons of meat and canned meat, 550,000 tons of fruit, 7,500 tons of factory-made silk fabrics, nonferrous metals, and mineral ores valued at about 890 million Swiss francs, as well as soy bean, corn, and (?peanuts) having a total value of 2.5 billion Swiss francs. Also exported was a large quantity of light and textile industry products that are popular with the Soviet people. In the past 3 years China has been supplying the Soviet market with machines, instruments, automobile batteries, bearings, spare parts, and components for automobiles and freight cars.

Now, what kind of goods did China receive from the Soviet Union? We were told that China imported from the Soviet Union more than 7 million tons of rolled steel, pig iron, more than 15 million cubic meters of lumber and pulpwood, more than 3 million tons of urea, non-ferrous and precious metals worth 1.19 billion Swiss francs, 119,000 automobiles, and 57 aircraft. Besides this the Soviet Union is supplying pianos and refrigerators to the Chinese market.

Current trade ties are based on mutual benefit. It also should be noted that the establishment and stable development of long-term trade ties and economic and technical cooperation is beneficial for both countries. This was facilitated by the conclusion of agreements on economic and technical cooperation, on scientific and technical cooperation, and on the establishment of a Chinese-Soviet commission for economic, trade, and scientific and technical cooperation, and the 1986-90 trade agreement on the construction and reconstruction of industrial projects in China that were signed after visits by Arkhipov, former first deputy chairman of the USSR Council of Ministers, to China in December 1984, and Yao Yilin, vice premier of the PRC State Council, to the USSR in July 1985.

These five agreements are being fulfilled successfully. Contracts have already been signed on the construction and reconstruction of a number of projects of the 24 specified in the agreements. Among them are a 500,000 volt electric power transmission line, the Harbin Flax processing factory, Blast Furnace No 3 at the Wuhan metallurgical Combine, and Blast Furnace No 11 at the Anshan Metallurgical Combine, a magnesium production shop at the Fushun Aluminum plant, and the Nanshan timber hydrolysis plant. The technical investigations into other industrial projects have also been basically completed, and talks on concluding contracts for them have already begun. Recently contracts were concluded for the technical reconstruction of the Jilin Alloy Steel Plant, the equipment for dry quenching of coking coal at the Anshan Metallurgical Combine, and the Loyang Bearings Plant.

Satisfactory results have been achieved in the implementation of the trade protocol for the 1986-88 period between China and the Soviet Union. During these 3 years the volume of trade between our countries surpassed 12 billion Swiss francs. These figures attest to the fact that the Soviet Union has already become one of the major trading partners of China, ranking after Hong Kong and Macao, Japan, the United States, and the FRG. At the same time cooperation between the China Council for Promotion of International Trade and the USSR Chamber of Commerce and Industry has increased.

In 1986 an agreement was signed on exchanges of exhibitions for the 1987-90 period, which laid a firm foundation for the exhibitions planned by organizations of both countries. In recent years both sides have often

participated in international exhibitions in the two countries. The Chinese trade and economic exhibition and the Soviet industrial trade exhibition in Beijing 1986 were distinguished by the wealth and variety of the exhibits shown and attracted enormous numbers of visitors. These exhibitions promoted the strengthening of mutual understanding and friendship between the peoples of the two countries and opened new opportunities for trade and economic cooperation. According to the agreement the two sides will exchange trade and economic exhibitions in the capitals of both countries in 1990.

Dwelling on the trade and economic ties between China and the Soviet Union, trade in the border regions must be mentioned insofar as this is an important supplement to interstate trade. It is gratifying that since 1983 trade between the Chinese province of Heilongjiang, the Inner Mongolian Autonomous Region, and Xinjiang Uygur Autonomous Region on the one hand, and the Soviet republics on the other has increased. Since 1987, Jilin Province has also been a trading partner of the Soviet Union. In order to expand the potential opportunities for developing trade ties and to satisfy the vital needs of people living in the border towns of Heihe, Tongjiang, and Suifenhe trade ties for small volumes of goods have been established correspondingly with Blagoveshchensk, Nizhnelenskoye and Grodekovo. The volume of trade between these towns in the 1983-87 period amounted to 380 million Swiss francs whereas in 1988 it will reach 600 million Swiss francs.

Border trade not only enlivens the economy of these regions in both countries, but also strengthens mutual ties, improves mutual understanding, and promotes development of traditional friendship between our peoples in these areas. We are confident in the further expansion of trade at lower volumes at suitable border areas and optimistically view the prospects for its development.

As reforms deepen in China and the Soviet Union, more and more ministries and lower level departments are receiving authorization to engage in foreign trade, which gives a powerful new impetus to the development of trade relations in local areas. At the third session of the Chinese-Soviet Commission for Economic, Trade, and Scientific and Technical Cooperation this year agreements to this effect were concluded. At this session Tian Jiyun, vice premier of the PRC State Council, and Maslyukov, first deputy chairman of the USSR Council of Ministers, on behalf of their governments signed an agreement on establishing and developing economic and trade ties between Chinese provinces, autonomous regions, and cities and Soviet republics, ministries, corresponding departments, associations, and enterprises, and an agreement on the establishment of joint enterprises and the principles of their operations.

These agreements set down the legal basis for the implementation of direct economic and trade ties between corresponding organizations of both countries. Proceeding from this, trade relations can be implemented in a

variety of forms such as enterprises established on joint cooperation, joint management enterprises, barter trade, the production of goods from materials provided by the customer or according to his samples, the transfer of technical achievements, contract construction, the provision of labor services, and exchanges of goods. It should be mentioned that economic and technical cooperation and trade between corresponding organizations and departments of both countries is already making its initial steps. This includes talks between the PRC Ministry of Commerce, and the All-China Federation of Supply and Marketing Cooperatives and their Soviet colleagues on an exchange of consumer goods and talks on cooperation in the sphere of fishing and developing fisheries between the PRC Ministry of Agriculture and the USSR Ministry of the Fish Industry, as well as talks on establishing a joint management enterprise between corresponding departments of both countries.

In a word, in recent years the economic and trade ties between China and the Soviet Union have developed satisfactorily. We are confident that joint efforts will give a new impetus to further expansion of the potential possibilities for the development of trade ties and enrichment of their forms.

Radio Director Sends New Year's Greeting
OW0301015889 Beijing in Russian to the USSR
1900 GMT 31 Dec 88

[Excerpt] Speaking to you will be Comrade Ruan Ruolin, director of Beijing Radio. She will address you with the New Year greeting.

[Ruan Ruolin, speaking in Mandarin, fading into Russian translation] [Begin recording] Dear friends, on the occasion of the New Year, allow me, on behalf of Beijing Radio, to send you and your families our cordial greetings and best wishes.

Last year was manifested in normalization of the international situation and the prevailing significance of peace and development. Our country continues broad strides along the path of socialist modernization. In the past year, Beijing Radio guided itself with the main goal, that of strengthening mutual understanding and friendship between the Chinese people and peoples of the whole world and informed our worldwide listeners about our country's development processes. Our friendship developed afresh. The number of our listeners increased, as well. I would like to especially mention the competition for the best article on the topic: "China as I See It," which we held in 1988, and which met with ardent support by radio listeners from more than 80 countries and regions of the world. We received 13,000 articles which were full of sympathy for China and Beijing Radio. I wish to take the opportunity to express gratitude to all foreign friends for their help and support in our work.

Friends, 1989 is the year of the 40th anniversary of New China. Beijing Radio will broadly inform you about our country's successes in all spheres. Besides, a competition devoted to New China will be held. We, naturally, invite you to take part. On my part, I wish to assure you that the whole staff of Beijing Radio will double their efforts to make our broadcasts more interesting and to enable us to serve our listeners better. Of course, we hope for your further help. We await for your letters with your comments and proposals.

I know that many thousands of you are now listening to us. Your attention and the bridge of friendship, which was built over many years in the frequencies of our radio, are dear to us. My colleagues and I hope that our friendship will be even stronger in the New Year.

In conclusion, on behalf of the whole staff of Beijing Radio, I would like to wish all of you, dear friends, good health and happiness in your life. [End recording]

[First Announcer] [Begin recording] What do we expect in the New Year? What hopes are connected with it? We would like to note, first of all, the changes in normalization of bilateral relations. The recent visit of Qian Qichen, PRC minister of foreign affairs, to the USSR, his meeting with Gorbachev and talks with Shevardnadze, USSR minister of foreign affairs, raise hopes.

This is what Qian Qichen said: The process of normalization of relations between the PRC and USSR has already started. Mutual understanding of the sides in the sphere of political settlement of the Cambodia problem deepened. The Sino-Soviet summit meeting will, possibly, take place in the first half of 1989.

Shevardnadze, USSR minister of foreign affairs, stated that the Sino-Soviet relations entered the period of realization [as heard].

[Second Announcer] I think the words of both ministers expressed hopes of the peoples of our countries for the improvement of relations between the PRC and USSR in the New Year.

[First Announcer] These hopes are well grounded. It should be noted that the friendship societies of the two countries worked positively for the improvement in these relations. That is why we invited Comrade Yang Shouzheng, vice president of the China-USSR Friendship Association, who was a PRC ambassador to your country.

[Yang Shouzheng, speaking in Mandarin, fading into Russian translation] Hello, dear Soviet friends. On the occasion of the forthcoming New Year, 1989, allow me, on behalf of the China-USSR Friendship Association, to convey to you our ardent seasons greetings and wish you further successes in the New Year for the good of your people, good health, and happiness in life.

Yang Shouzheng further said: On the threshold of the New Year, we are happy that the friendly relations between our two countries continue to improve. Last May, Tikhvinskiy, chairman of the Soviet-Chinese Friendship Society, led a delegation to our country and held working talks with Wu Xiuquan, president of the China-USSR Friendship Association. A plan for cooperation between friendship societies of the two countries was signed for 1988-1989. The implementation of the plan went well in the past year. The envisaged measures were successfully overfulfilled.

With great joy, we received a delegation of USSR literary and art workers, a delegation of activists from the Soviet-Chinese Friendship Society, as well as a delegation of the Union of Soviet Societies for Friendship and Cultural Relations With Foreign Countries, led by its chairman, Tereshkova, and a delegation of the Soviet-Chinese Friendship Society. At the same time, a delegation of the Chinese People's Association for Friendship With Foreign Countries and the China-USSR Friendship Association, led by Wu Xiuquan, a delegation of activists of the China-USSR Friendship Association, and a delegation of specialists in Russian language and literature and translators made friendship visits to the USSR.

(Ren Duglian), son of (Ren Fuchen), Chinese participant in the Great October Socialist Revolution, was invited to visit the USSR with his family. They were received in a warm and friendly way. Contacts between branches of the friendship societies of the two countries became more frequent last year, as well. Friendly relations were established between Shanghai and Leningrad, and between Hubei Province and the Ukrainian SSR. Delegations of Shanghai City and Hubei Province visited Leningrad and Kiev. Thus, direct contacts between branches of the friendship societies were fully reestablished. Besides, friendly visits were exchanged between Xinjiang-Uygur Autonomous Region and Kazakh and Uzbek Union Republics, between the Inner Mongolian Autonomous Region and Chita Oblast, between Heilongjiang Province and Khabarovsk Kray, and between Jilin Province and Maritime Kray.

A similar favorable situation exists in border regions of the two countries. Chinese cities Heihe, Suifenhe, Manzhouli, and Soviet cities Blagoveshchensk, Grodekovo, and Zabaykalsk also exchanged delegations. Delegations of both countries were met by their hosts in a warm and hospitable way. Tereshkova, chairman of the Union of Soviet Societies for Friendship and Cultural Relations With Foreign Countries, said that the delegation felt the warmth of friendship as soon as they stepped onto Chinese soil, and this can be seen as a deep feeling of the Chinese people for the Soviet people. Wu Xiuquan, president of the China-USSR Friendship Association said: There is a traditional friendship between our two peoples. Everywhere in the USSR, we felt the deep interest of Soviet people for China.

Currently, when restructuring is being implemented in both countries, members of all delegations, during their visits, showed great interest to the reform in economic construction and other spheres of both countries. This, undoubtedly, is very useful for the exchange of information and experience in restructuring the two countries. Besides, in the past year, we held a number of measures marking anniversaries of prominent Soviet figures.

I am deeply convinced that the plan of cooperation between the friendship societies of the two countries will also be implemented successfully next year.

In conclusion, Yang Shouzheng said: Dear Soviet friends. Closing my address, I wish to congratulate you again on the New Year, wish further development in Sino-Soviet relations in the New Year, 1989. Let the friendship between the Chinese and Soviet peoples live eternally! [end recording] [Music, greeting by a Chinese high school student and the director of the Beijing restaurant "Moskva" omitted]

Team To Compete in Leningrad Soccer Tournament
OW0301080889 Beijing XINHUA in English
0746 GMT 3 Jan 89

[Text] Beijing, January 3 (XINHUA)—The Chinese national youth team will participate in the international soccer tournament to be held in Leningrad, the Soviet Union, the Chinese football association announced here today.

The tournament, which will draw teams from the Soviet Union, France, the United States and Belgium, will be held from January 11 to 19 on a round-robin basis.

Prefecture's 1988 Soviet Border Trade Noted
SK0401053089 Harbin Heilongjiang Provincial Service
in Mandarin 2200 GMT 3 Jan 89

[Text] Development of Heihe Prefecture's border trade with the Soviet Union promoted its association with the south. So far it has established cooperative ties with 5 cities and districts in the country, and 26 prefectures, cities, and counties have established offices in Heihe City.

Heihe Prefecture's border trade with the Soviet Union developed very rapidly in 1988. Earlier that year it planned to sign 10 million Swiss francs worth of border trade contracts in the whole year. The target was attained in a single trade talk. After this it immediately adjusted its target to 30 million Swiss francs. This target was once again surpassed. In view of the new situation, Heihe Prefecture defined a principle of opening up, importing, and exporting on a large scale. Border trade with the Soviet Union was extended to the cities of Heihe, Xunke and Sunwu, and was extended from barter trade to the economic, technological, labor service export and other fields. To date the total trade volume has reached 130 million Swiss francs, and the variety of import and export commodities has increased from 2 to more than

400. Contracts for 40 economic and technological cooperation projects have been signed with the Soviet Union. Five of these projects have been started. Regarding cooperation in regional tourism, 20 groups, totaling 840 people, have been organized.

Inner Mongolia Sends Laborers to USSR
SK3112125988 Hohhot NEIMENGGU RIBAO in Chinese
10 Dec 88 p 1

[Text] Through nine rounds of friendly talks between Su Shaoyong, general manager of the Hohhot City general building industrial company, and representatives from the Soviet units concerned—talks which began on 1 November—an agreement through which "Inner Mongolia's Hohhot City general building industrial company offers 2,000 skilled workers to the (Houbeijiaer) general building industrial company in the Soviet Union's Chita Oblast" was signed. According to the agreement, 20 construction projects offered by the Soviet side and with a cost of 250 million yuan shall be built by our laborers. Simultaneously, both sides also signed a protocol on building a large engineering project with a total investment of 100 million rubles (equal to more than 600 million yuan).

It is an extraordinarily great matter related to our region's work of opening to the outside world and enlivening the economy that the Hohhot general building industrial company played an exemplary role in entering the Soviet construction market. Figures from the state departments concerned said that the agreement on offering labor services to the Soviet Union is successful.

The first group of 450 laborers of the Hohhot general building industrial company will leave for the Soviet Union on 15 December.

Relevant leaders of the regional and Hohhot City governments have showed concern for the economic activities conducted by the company this time. A few days ago, relevant leaders of the governments at these two levels went to the company to give on-the-spot guidance and help solve specific problems.

Southeast Asia & Pacific

Philippines Official Reaffirms One-China Policy
OW0301141589 Beijing XINHUA in English
1258 GMT 3 Jan 89

[Text] Manila, January 3 (XINHUA)—Philippine Foreign Affairs Secretary Raul Manglapus today reaffirmed his government's "one China" policy.

Speaking at a press conference, Manglapus said he opposed the passage of the so-called "Philippines-Taiwan Relations Act" now pending in the House of Representatives.

"Obviously, anything that might impair our one-China policy and our recognition of Beijing is something we have to guard against," Manglapus said.

House minority floor leader Rodolfo Albano had filed a bill in the House of Representatives seeking the enactment of the "Taiwan Relations Act," that "formalizes" relations of the Philippines with Taiwan, a province of China.

Albano's bill also seeks to restore all treaties and agreements that have been rendered ineffective upon the formalization of the country's relations with the People's Republic of China, the only legitimate representative of China, in 1975.

"We have advised that there are other ways of insuring a flow of economic relations with the people of Taiwan than a formal relations act," Manglapus said.

He said the Philippines is opposing the repeal of the one-China policy because of "political and diplomatic reasons."

Paper Reviews Vietnam's Last 10 Years
HK0201144289 Beijing RENMIN RIBAO in Chinese
25 Dec 88 p 6

[Article by Shi Zongxing (0670 1350 2502): "The Past 10 Years in Which Vitality Has Been Greatly Sapped"]

[Text] It has been 10 full years since the Vietnamese regime launched its war of aggression against Cambodia.

In the early days of the war, the Vietnamese regime, on the strength of a self-styled "third military power in the world," attempted to score an immediate victory in a quick move. But things proved contrary to its expectations. It has failed to win after 10 years of fighting. At present, the war continues. But the general situation has basically become certain: Vietnam cannot possibly rely on its military means to finally solve the problem, and Cambodia will not accept colonial rule by Vietnam.

Ten years ago, Vietnam had just ended its war of resistance against the United States. The Vietnamese regime should have concentrated its manpower and material and financial resources on revitalizing the economy, improving the people's life, and stabilizing society. But instead it blatantly started a war of aggression against Cambodia, a weak neighboring country, in a vain attempt to realize the pipe dream of "an Indochinese federation." It has stuck it out for 10 years, but with its vitality now greatly sapped. In military, economic, and diplomatic fields, it has found itself in a predicament.

A military victory has become impossible. In 10 years, Vietnam first started an overall attack and then launched attacks against key sectors. Beginning in 1985, it again introduced the wicked K-5 operation plan strengthening border blockades and inland encirclement and suppression operations. But all these failed to reach the aim of annihilating the resistance forces in Cambodia. On the contrary, the resistance forces have continuously grown in the war against aggression and fought with increasing vigor. Vietnam has attempted to use military means to annihilate them. It failed in the past. It will find it more difficult to bring this about in the future.

Economically, Vietnam is on the verge of collapse; or it can be said that the people live in extremely great poverty, with all financial resources near exhaustion. To get out of its economic plight, Vietnam has begun trying some "reform" measures, but with no results. At the winter conference of the Vietnamese National Assembly called not long ago, the government's economic work report presented a grim picture: "There was no improvement in our social, economic, and financial conditions in 1988." "Grain output was not enough to add to stocks on hand." "Many enterprises suffered a slowdown in production and construction." "Fundamental transportation and telecommunications facilities have worsened." "Inflation is still continuously developing." "...Vietnam's economy is in a shambles. Involvement in the war of aggression against Cambodia, with the consequent drain on its resources, is undoubtedly the most important cause."

This especially explains why Vietnam is in an isolated state internationally. During the 10 years of its aggression against Cambodia, world opinion has strongly condemned it. Great political pressure has finally been brought to bear on the Vietnamese regime. Many states have carried out economic sanctions against it and have reduced and even frozen aid.

In a word, the 10 years of aggression against Vietnam have caused harm to others and also suffering to itself. It has paid a high price and received very little in return.

Cold reality is forcing the Vietnamese regime to consider a way out. In fact, the international community has long pointed out to Vietnam the only way out of its plight: It is to end the war of aggression against Cambodia as quickly as possible and withdraw all troops from Cambodia. The Vietnamese regime has not failed to sense this. It is only that it has not made up its mind. Its current state of mind is such that it wants to get out of the plight and maintain its vested interests at the same time. Therefore, it is driving a hard bargain in political negotiations. It wants to obtain at the negotiating table what it has failed to get on the battlefield in the past 10 years. Such an attempt to kill two birds with one stone shows that Vietnam's basic stand has not changed. It still has no sincerity in seeking a fair and rational solution of the Cambodian issue.

In the past half a year or so, the "hot points" in different areas of the world with their different conditions have cooled, to different degrees—developing in the direction of a political solution. Following the signing of the Geneva agreement to solve the Afghan problem, Iran and Iraq effected a cease-fire on the basis of acceptance of UN Security Council Resolution 598. The quadripartite talks of Angola, Cuba, South Africa, and the United States on solving the problem of southwest Africa have also reached an agreement.

Running against such a world trend, Vietnam is continuously hampering a political solution of the the Cambodian issue, causing its war of aggression against Cambodia to enter its 11th year. "He who goes with the tide is often the winner." The international community hopes that the Vietnamese regime can go with the historical tide and make an early decision to withdraw all its troops. Only in this way can it, at an early date, get out of its economic plight at home and stop its international isolation, stepping on the road to peace and development.

'Roundup' on New Zealand-Australia Relations
OW3112030288 Beijing XINHUA in English
1514 GMT 30 Dec 88

["Roundup 1988: New Zealand Attaches Greater Importance to Trans-Tasman Relationship (by Li Zao and Mi Ligong)"]—XINHUA headline]

[Text] Wellington, December 30 (XINHUA)—Although the greatest event in trans-Tasman relations during the past year was probably the signing of an agreement between New Zealand and Australia which provides for the freeing of all trade in goods and services between the two countries five years ahead from what was previously scheduled for 1995, equally significant was the development of cooperation on the effectiveness of mutual defense capabilities.

The number of joint military exercises increased from 16 in 1985-86 to 24 in 1986-87 and 29 in 1987-88, while courses in Australia now account for 70 percent of New Zealand's overseas military training, according to Defense Minister Bob Tizard.

Confronted by the changed economic and strategic situation in the world, New Zealand feels that it alone, with its limited resources, could not achieve security in economic or defense terms, Prime Minister Lange has explained.

In the South Pacific region, he said, much changes have taken place with a new generation of leaders emerging.

Citing recent political upheavals in New Caledonia, Vanuatu and Fiji as examples, he said that traditional institutions are clearly under stress, and poverty and ethnic division will provide disturbances with fertile ground.

"Assumptions that New Zealanders and New Zealand interests having a secure place throughout the region must now be open to question." [sentence as received]

"We may face situations for which diplomatic solutions alone may not suffice," and New Zealand must be prepared to meet what might be the much more serious security requirements of the 1990s and early part of the next century, he stressed.

He maintained that while there is no reason to depart from a policy of having independent defense capabilities, "we could not look at New Zealand's strategic interests in isolation from those of Australia."

This is also seen in context of the breach of New Zealand's military ties with the United States since 1985 when New Zealand's antinuclear policy led to the refusal of port entry of a U.S. warship.

But New Zealand's defense relations with Australia, like their economic relations, are not without hiccups.

An outstanding issue is the purchase by New Zealand from Australia of two to four frigates to form a joint fleet of 20 ships to "police" the region.

The crux of the differences between the two countries that are holding back the project is price.

In their economic relations, there are also a number of controversial issues, like harmonization of business laws, competition policies and customs and quarantine procedures.

1989 will see trans-Tasman relations continue to develop but not without tit-for-tat bargaining. At the same time, New Zealand would carry on its strengthened diplomacy towards the South Pacific island nations, and offer as much trade and development assistance as it could afford in an effort to maintain and foster "regionalism" as against the emerging trend of "sub-regionalism" of the past year.

Near East & South Asia

RENMIN RIBAO on Middle East Peace
HK0301094589 Beijing RENMIN RIBAO in Chinese
26 Dec 88 p 7

["Yesterday" by An Guozhang (1344 0948 4545): "Why the Momentum of Peace Progress in the Middle East Is So Strong"]

[Text] The year 1988 was one in which important changes occurred in the Middle East situation. The core of the Middle East issue, the Palestinian question, has become an important topic for discussion attracting worldwide attention. A Palestinian state was established, and has been recognized by some 80 countries. The United States has begun dialogue with the PLO; a

favorable turn of events has thus emerged in U.S.-PLO relations which were frozen for 13 years. The UN General Assembly passed a special decision on convening an international peace conference on the Middle East question to solve the Palestinian issue. At present, the various parties concerned and the international community are working hard conducting busy diplomatic activities to solve the Palestinian question. The cause of achieving peace in the Middle East is progressing rapidly.

These important changes in the Middle East situation are first of all the result of the just struggle of the Palestinian people and people of other Arab countries, after they had judged the hour and assessed the situation.

At the end of last year, the Palestinian people on the West Bank and the Gaza Strip began their struggle against Israeli occupation. The cruel measures employed by Israeli authorities to suppress the unarmed Palestinian people aroused the sympathy of world public opinion toward the Palestinians; induced them to reprimand Israel; and also focused world attention on the urgent need to solve the Palestinian question. Therefore, a worldwide call to hold an international Middle East conference on solving the Palestinian question emerged. The PLO has made use of this opportunity: On the one hand it has made an effort to improve its relationship with Arab states, and brought its stand in line with theirs. On the other hand, it has strengthened its unity, removed internal differences of opinion, and readjusted its policy in time. Finally, it announced the establishment of a Palestinian state at the end of the year, accepted UN Resolutions 242 and 338, and recognized the existence of Israel. It also announced that it will oppose all kinds of terrorist activities, and advocated the formation of a Jordan-Palestine federation, and the solving of the Arab-Israeli conflict through political negotiation. Like thunder, the readjustment of the PLO's policy shocked the world; it has gained extensive world support and is welcomed. Thus, the United States had no choice but to hold direct meetings with the PLO. Israel, which is stubborn and upholding a policy of aggression, is thus in a tight corner, and in a more passive position; it has become more isolated.

The policy and measures adopted by the PLO have gained extensive support from Arab states. The Palestinian state has been rapidly recognized by a majority of Arab states. Over the year, a new situation in which Arab states have been working hard to remove differences of opinion among them, and have been enhancing unity, has emerged. Egypt, which had cut diplomatic relations with many Arab states after signing the Camp David agreement with Israel, has reestablished diplomatic relations with a large number of Arab states this year, and its influence in the region has been increasing. The relationship among countries in the Magreb (7456 2706 6849 1580) area has relaxed; the relationship between Syria, Libya, and other countries on the one hand, and the PLO on the other has tended toward detente; the feeling of

animosity between Jordan and the PLO has been improved upon. Given that the relationship among Arab states improved daily, a special summit of Arab states was convened. This meeting announced for the first time, a common stand of Arab states on convening an international conference on Middle East peace; affirmed the role of the PLO; and expressed full support for the Palestinian people in the occupied territories. At the same time, Arab states have strengthened their cooperation with West European countries, and have urged the United States and Israel to change their stands. The strengthening of the unity between Arab States and the PLO has promoted the cause of achieving peace in the Middle East.

The efforts made by the PLO and Arab states to solve the Middle East question by peaceful means conforms with the international trend whereby the United States and the Soviet Union have given up their antagonistic attitude toward each other and have started dialogue; it has also induced the United States and the Soviet Union to make new moves to solve the Middle East question. In order to secure a place on the Middle East political stage, the Soviet Union has been vigorously developing its relationship with Egypt, Jordan, and the Arab states in the Gulf; has been working hard to persuade Syria and other countries, which are traditionally friendly with the Soviet Union, to soften their stand on the Middle East question; has been vigorously advocating the convening of an international conference on Middle East peace, in which permanent state members of the UN Security Council are to participate; and has also expressed its willingness to cooperate with the United States on this question. At the same time, the Soviet Union has also clearly expressed that once the international conference is convened, it will immediately consider establishing diplomatic relations with Israel.

Although the United States is being pressed by Israel and the Jewish groups supporting Israel, it has no choice but to become flexible on its stand toward the Palestinian question, and to admit that the interests of the Palestinian people should be respected. It has said for the first time that the PLO is the "symbol" of the Palestinian people. Apart from this, in order to protect its strategic interests in the Middle East, the United States has finally begun "substantial dialogue" with the PLO.

The new breakthroughs which emerged in the course of solving the Middle East question through peaceful means have also forced Israel to reconsider its stubborn stand. That a new Israeli government could not be formed for such a long time reflects that the people in power are hesitant to make any moves. The development of the situation will clearly show whether the Israeli authorities have the wisdom to grasp the current opportunity for seeking peace and existence or not.

In short, in the past year, due to the efforts made by the PLO and Arab side, the momentum for solving the Middle East question through peaceful means has

become unprecedentedly strong. However, at the same time, people also realize the complexity of the Middle East question, and the interweaving and mutual checking of various contradictions. Moreover, people also know that Israel still intends to refuse the recovery of the legal rights of the Palestinian people, is not preparing to withdraw from the Arab territories it occupied, and is even planning to continuously expand the areas inhabited by Jews in the occupied territories. Therefore, it seems that a long period of hard struggle will still be required to solve the Palestinian question through peaceful means and in a sustained and fair manner.

Sub-Saharan Africa

African, Chinese Student Unrest Continues

Student Injured in Wuhan Clash

HK0301134889 Hong Kong AFP in English 1337 GMT
3 Jan 89

[Text] Beijing, Jan 3 (AFP)—A Sri Lankan was hurt when Chinese students hurled stones Friday [30 December] night at a foreign students' dormitory in Wuhan, an African student in the central Chinese city said Tuesday.

The incident at Wuhan Industrial Chemical College followed the appearance of wall posters that called Africans "black devils" and questioned the awarding of Chinese scholarships to African students, he said, requesting anonymity.

In a telephone interview, he said a group of Chinese students threw rocks through the windows of the dormitory, mostly occupied by Mauritians, before fleeing.

The Sri Lankan student was treated in hospital for a hand injury, he said, adding his condition was not serious.

"In response, we boycotted the New Year's celebrations organized by the authorities," the student said, adding, "if the Chinese students attack us, we will demand to go back to our home countries."

In an attempt to restore calm, campus officials laid on a tour to Gezhouba power station, 200 kilometers (120 miles) up the Yangtze River from Wuhan, the student said.

Some 20 foreign students took part, including eight North Koreans, and were due to return on Tuesday or Wednesday, he said.

College officials have also organized get-togethers between Chinese and foreign students and have warned Chinese students of sanctions if further incidents occurred, the African student said.

The incident in Wuhan came six days after a Christmas Eve clash in Nanjing between African and Chinese students that left 13 injured, according to official reports and led to the later arrest of two African students.

Campus officials and foreign students have accused one another of inciting the violence.

Meanwhile, a student from Benin fled a sugar refining institute in Wuxi, eastern Jiangsu Province, because he was "terrorized by events" involving Africans and Chinese, an African diplomatic source said.

He said the student, a newcomer to China, reached Beijing on Tuesday, saying he had spent last week locked up in his room after getting threats from Chinese students.

Chinese Students Protest

HK0401010889 Beijing CHINA DAILY in English
4 Jan 89 p 3

[By staff reporter Ma Lixin]

[Text] More than 80 Chinese students held a campus demonstration in Beijing yesterday morning to "defend women's rights."

It began shortly after 8 am and lasted for about two hours.

The protest march by students of the Beijing Language Institute was sparked by an incident in which a Chinese girl student claimed that she was accosted by a foreign student at 4:30 am on Sunday [1 January] morning while in the bathroom.

The 20-year-old girl, a sophomore at the institute, said she was going to the bathroom when she spotted a male foreign student in the corridor. While she was in the locked bathroom, she said she heard a knock on the door and a man's voice asking her to go and have fun with him.

She then tried to escape from the dilemma by telling the man to wait for her downstairs.

She said she then waited for ten minutes and slipped back to her room when she felt there was no one outside. But she screamed when she saw a man in her room and fled down the hallway. She slipped and fell and cut and bruised herself in the process.

The school authorities said the girl was now in a state of nervous tension.

They are investigating the incident. Efforts were made to persuade the students not to demonstrate and they finally returned to their classes.

African Students Boycott Classes

HK0401042889 Hong Kong AFP in English 0411 GMT
4 Jan 89

[Text] Beijing, Jan 4 (AFP)—African students boycotted classes Wednesday [4 January] at Beijing Language Institute, saying they suffer "intolerable apartheid" in China.

"Brothers, let us unite and fight for our dignity and color. Black is beautiful," said a statement issued by the Africans, who number about 300 at the institute.

The boycott came a day after Chinese students marched peacefully Tuesday at the institute, saying an unidentified African had "humiliated" a Chinese woman in a dormitory on New Year's Day.

It was the first outbreak of racial tension in Beijing since a December 24 clash in Nanjing between Chinese and African students reportedly left 13 people hurt and touched off street protests in the eastern city.

Some Africans at Beijing Language Institute told an AGENCE FRANCE-PRESSE reporter that they preferred to boycott classes and stay in their dormitories in order to avoid a confrontation with Chinese.

One poster seen Tuesday had announced an African protest for Wednesday.

Western students at the institute said posters seen Tuesday inside the Chinese students' dormitory, demanding punishment for the African involved in the alleged New Year's Day incident, had been removed by institute staff.

Expulsion of Four Africans Planned

HK0401130489 Hong Kong AFP in English 1257 GMT
4 Jan 89

[Text] Beijing, Jan 4 (AFP)—China is to expel at least four African students following a clash last month with Chinese counterparts at a Nanjing university, an African diplomatic source here said Wednesday [4 January].

The source, who requested anonymity, said the four had already been expelled from Hehai University in Nanjing, flashpoint of racial unrest that spread this week to Beijing.

They included one student from Ghana, two from Benin, and a fourth whose nationality was not immediately known.

More could follow, the source said, adding that only a "political solution" could stop the expulsions from going ahead.

African ambassadors met Wednesday and agreed to seek authorization from the Chinese Foreign Ministry to send diplomats to Nanjing to check the situation there, the source added.

Official reports say 13 people were hurt when Africans and Chinese clashed December 24 at Hehai University, prompting street demonstrations by Chinese demanding the prosecution of Africans whom they held responsible.

Foreign Student Return Invited

OW0401122589 Beijing XINHUA in English
1157 GMT 4 Jan 89

[Text] Nanjing, January 4 (XINHUA)—Liang Ruiju, president of Hehai University in Nanjing, capital of Jiangsu Province, today called on foreign students studying in his university to return to school as soon as possible.

"We have made full preparations to welcome foreign students to return to school to study," Liang said.

On December 24 last year, a number of foreign students left the university after a fight touched off when some African students beat up Chinese teachers and students.

According to Liang, more than 20 foreign students have returned to school and some 40 are still staying at a hotel in Nanjing's suburbs.

Liang was in charge of foreign students' affairs before being promoted to president of the university.

He said, "My university began to accept foreign students in 1975 and African students in 1976. Altogether, several hundred foreign students from Asia, Africa and Europe have graduated from the university with no problems. Now there are 79 foreign students including 69 Africans still studying here."

Li Yuyao, general secretary of the Communist Party branch of the Department of Hydrology, said Hehai University has built two hostels with heating facilities and a canteen specially for foreign students. "We regard the training of foreign students as a means of promoting cultural and scientific exchanges, and friendship between China and other countries," he added.

According to Li, the university sends experienced lecturers each year to coach foreign students because their educational background is varied. Most students have established a profound friendship with lecturers.

Foreign students enjoy scholarships and free medical care. They have sightseeing trips arranged for them and their canteens offer meals they are used to.

Most foreign students still write to Chinese lecturers and students after they return home.

Liang said, "Hehai University has treated students from all countries equally and never discriminated against African students."

He acknowledged that there are still a small number of African students who do not study hard, behave poorly, and often fight and make trouble.

Liang stressed that the friendship between the Chinese lecturers and students and foreign students is profound, and relations between Chinese and African students are good. "We are expecting all foreign students to return promptly to continue their studies," he added.

African Diplomats on Nanjing Clashes

OW0401134489 Beijing XINHUA in English
1330 GMT 4 Jan 89

[Text] Beijing, January 4 (XINHUA)—African diplomats in Beijing said recent clashes between the African and Chinese students should not affect the friendly Sino-African relations.

An unidentified higher ranking diplomat said to REUTER here, "We must solve those problems together with our Chinese friends. We have good cooperative ties with China, which has provided excellent study conditions for our students although it itself has a big population."

He added that African diplomats appreciate the scholarship China has offered to the African students and hoped the African countries would continue sending students to China.

Meanwhile, an editorial of the Kenyan "STANDARD" said the clashes between the African and Chinese students is really a pity, but "more important is that China and Africa need each other and they should not let the clashes affect their good relations."

In Lusaka, Zambian Foreign Minister Luke J. Mwanashiku also commented on the latest development. He said, despite the unhappy happenings, the Sino-Zambian relations are very good.

On the night of last December 24, several African students in Hehai University of Nanjing, China, clashed with the Chinese Students.

Diplomats See Harmful Effects

HK0401114689 Hong Kong AFP in English 1134 GMT
4 Jan 89

[Excerpt] Beijing, Jan 4 (AFP)—Racial unrest between Chinese and African students is brewing into a diplomatic crisis that stems from Africa's diminished role in Beijing's foreign policy, Western diplomats here say.

A Sino-African diplomatic crisis is "certainly possible," one diplomat said Wednesday [4 January], as African states and the Organization of African Unity (OAU) began to put pressure on China after two weeks of trouble on Chinese campuses.

Benin was the first to act. Diplomatic sources said Monday it would make formal representations to the Chinese Foreign Ministry after getting reports that Africans detained in Nanjing were victims of police brutality.

Six or seven Africans, including two from Benin, were detained by police Saturday in connection with a Christmas Eve clash at Hehai University that reportedly left 13 people injured, students and diplomats have said.

At OAU headquarters in Addis Ababa, Secretary-General Ide Oumarou asked the Chinese ambassador to Ethiopia to help end what he called the "appalling situation" of the 1,500 Africans who study in China.

Gambia meanwhile summoned the Chinese charge d'affaires in Banjul, its capital, to its foreign ministry and demanded the release of Alpha Robinson, a Gambian national also detained in Nanjing.

The Chinese Foreign Ministry, asked for reaction Wednesday, took note of questions but had no immediate comment.

Last week its chief spokesman, Li Zhaoxing, described the Nanjing incident as "an isolated one" and reaffirmed China's official policy of solidarity with Africa. "Chinese people and African people enjoy a tradition of friendship between each other," he said.

But as he spoke, African students in Hangzhou were refusing to leave their dormitory, angered by a local newspaper article which they said linked them with AIDS.

Later, Chinese stoned a dormitory housing African students in Wuhan, and staged a peaceful demonstration at Beijing Language Institute alleging that an African had "humiliated" a Chinese woman.

Africans at the institute reacted Wednesday by boycotting classes.

Back in the 1950's, when it was ostracized by the United States and moving towards a split with the Soviet Union, China began to style itself as a champion of newly independent African states.

But since China launched its open-door policy 10 years ago, wooing cash and technology from the West, Africa no longer plays such a pivotal role in Beijing's outlook on the world, diplomats said.

"Now its whole foreign policy is focused on the West," a Western diplomat said. "Fundamentally, it doesn't care about Africa anymore." [passage omitted]

Official on Foreign Students

OW3112162388 Beijing XINHUA in English
0900 GMT 31 Dec 88

["Backgrounder: About 1,500 African Students in China"—XINHUA headline]

[Text] Beijing, December 31 (XINHUA)—There are about 1,500 African students studying in China, making up about one-quarter of all overseas students, according to an official from the State Education Commission.

The official gave this information in an interview with XINHUA. He said that each year about 300 students from Africa come to China to major in various subjects ranging from engineering to international politics.

China first began the exchange of students with African countries in the 1960s. There are now about 300 Chinese students taking courses in Africa. Most of them are studying languages including Arabic, Swahili, English, French and Portuguese.

The exchange of students reflects China's affinity with African countries as they are all part of the Third World, the official said.

The Chinese Government admits more students from African countries than from other countries indicating the importance attached to developing Sino-African relations, the official said.

The official said that most African students in China come under a scholarship program. "Foreign students with scholarships have free medical care, tuition and lodging and they are given one free trip within China each year."

In addition, foreign students on scholarships are given a monthly stipend of 263 yuan. The commission reckons that it costs three times as much to support foreign students on scholarships as it does Chinese students.

"We always try our best to improve the living standards of foreign students even though China is a developing country which can little afford it," the official said.

West Europe

Energy Recycling Protocol Signed With FRG

OW0301013289 Beijing XINHUA Domestic Service
in Chinese 1202 GMT 29 Dec 88

["Local Broadcast News Service"]

[Text] Beijing, 29 Dec (XINHUA)—China and the FRG recently signed a draft protocol in Bonn on cooperation in recycling energy. According to the draft protocol and in line with the principles of equality and mutual benefit, the two sides will cooperate in the research, development, and demonstration of the technology for recycling

energy, including cooperation in the development and utilization of photoelectricity, tidal energy, solar and ecological heat energy, and biological energy.

Italian Labor Union Delegation Visits Beijing

OW3112124488 Beijing XINHUA in English
0813 GMT 31 Dec 88

[Text] Beijing, December 31 (XINHUA)—Ni Zhifu, president of the All-China Federation of Trade Unions, met a delegation of the Italian Confederation of Labor Unions led by its deputy general secretary Mario Colombo here today.

Two sides briefed each other on the work of their own countries' trade unions and exchanged views on matters of common concern.

As guests of the All-China Federation of Trade Unions, the Italian visitors arrived here December 28. Apart from Beijing, they will also tour Xian, Shanghai, Guangzhou and Shenzhen.

'News Analysis' on Spanish EC Presidency

OW0101010789 Beijing XINHUA in English
0657 GMT 31 Dec 88

["News Analysis: Spain To Take Over EC Presidency"—XINHUA headline]

[Text] Brussels, December 30 (XINHUA)—For the first time since its entry into the European Community (EC) three years ago, Spain will assume the presidency of the bloc's decisionmaking council on January 1, 1989.

Spain will assume from Greece the remaining half year term of the presidency of the EC Council and will also preside over all ministerial council sessions, including that of political cooperation and the Committee of Permanent Representatives.

As a relatively new EC member, however, Spain lacks the backing needed to control the tough situation the European Community is facing.

Spain has, over the past few weeks, become the center of public attention. There is concern as to what contributions it will make to advance the process of European integrity, or in the establishment of the 1992 frontierless internal market.

In a quasi-inauguration speech as EC Council president in Brussels not long ago, Spanish Prime Minister Felipe Gonzalez made it clear that Spain "is prepared to move forward with those who want to advance as far as they need to do [as received] go."

Regarded by EC observers as taking a position vis-a-vis some counter-European Union tendencies and practices, Gonzalez advocated a change in the concept of sovereignty.

The member states will "cede to share, not lose, those portions of national sovereignty that the process requires," he said.

Saying so, he unintentionally revealed his anxiety for handling such contentious issues as taxation agreements, the dismantling of frontier controls, and the unification of plant and animal health standards.

Because of the cession of national sovereignty involved, these issues have aroused resentment from some member states, notably Britain. The Commission of European Communities labeled them as top difficulties obstructing progress toward 1992.

Out of this concern, Gonzalez called for member countries to show a sincere political willingness.

To him, political willingness should not be merely an "empty expression," but something which can "dispel any supposed contradictions between national and community interests."

The Spanish Ambassador to the Community, Carlos Westerdorp, who will chair the Committee of Permanent Representatives during the six-month Spanish presidency, concretized Gonzalez' highly principled determination.

On Christmas Eve, Westerdorp announced a timetable in which he spelled out specific priorities broadly in line with issues of "top difficulties."

For the goal of taxation harmony, the new president of the EC Council has decided to establish an ad hoc group, with the view of bringing forth a common directive as soon as possible.

Regarding social aspects designed to make the internal market benefit every EC citizen, work will be reinforced regarding social dialogue and the compilation of a charter of workers' rights. Under the notion of a people's

Europe, Gonzalez will strive in particular to make progress in the participation of nationals from other EC countries in local elections, Westerdorp said.

It is unthinkable for a true internal market to have frontiers, either fiscal or physical, Westerdorp asserted.

On the external front, the ambassador hoped that before June 30, the day the presidency ends, escalation of the EC-U.S. trade friction on hormone-treated meat could be avoided and defused.

He also made it a top priority to conclude agreements with some Eastern European countries on establishing economic ties.

In the latter half of 1988, the community established diplomatic relations with the Soviet Union, Hungary, Czechoslovakia, Democratic Germany, Poland and Bulgaria, a staggering breakthrough in relations between the two parts of Europe.

No matter whether Spain can achieve all this, Gonzalez will preside over a summit meeting in Madrid on June 26 and 27, an occasion both to look back and to plan for the future, as has always been the case for each president.

But before that, an informal council meeting of economic and finance ministers will be held to hear the report of the Delors Committee on monetary union.

To summarize, Spain is lucky enough to be in a position to exercise the EC presidency at a time when the process of building the internal market has rolled to the midpoint. It will benefit from the many achievements already made by previous presidents.

Yet, at the same time, it will also be confronted with the most thorny issues involving the sharing of national sovereignty.

Therefore, what will finally emerge from the Spanish president is hard to tell, despite all the good intentions and resolutions Spain has expressed.

#Zhao Addresses CPPCC New Year Tea Party
HK0201112089 Beijing RENMIN RIBAO in Chinese
2 Jan 88 p 1

[Greeting by Zhao Ziyang, general secretary of the CPC Central Committee, at the New Year tea party held by the National CPPCC Committee on 1 January in Beijing]

[Text] Beijing, 1 Jan (RENMIN RIBAO)—The full text of the message by Zhao Ziyang at the New Year tea party held by the CPPCC National Committee reads as follows:

Comrades:

Today, we are here to celebrate the arrival of a new year. On behalf of the CPC Central Committee and the State Council, I wish to extend my festival greetings to all those who are present here; to various democratic parties; to patriotic personages without any party affiliation; to the people of all nationalities throughout the entire country; to the compatriots in Taiwan, Hong Kong, and Macao; and to all Overseas Chinese.

After carrying out reform and opening to the outside world for the past decade, tremendous changes have taken place in our country. Our social productive forces have rapidly developed, the actual economic strength of our state has greatly expanded, and the living standards of the people have markedly improved. More important is the fact that we are trying to find a way out, on the basis of the state of affairs in China and through continuous practice and exploration, to help socialism, which had great appeal to the working people of the whole world, extract itself from the old system and once again demonstrate its inherent superiority and vitality. Such an old system has found it increasingly difficult to keep pace with the further development of the productive forces. This is something of pioneering significance. Naturally, it is a difficult and complex task.

It is impossible to expect smooth sailing in carrying out an enormous and complex reform program in a vast country like China. We are now faced with many difficulties and problems, the most serious of which is marked inflation since last year. I think, everyone knows that many countries in the world have experienced serious inflation when they were making a leap forward economically. However, our country must not trade runaway inflation for its economic development. The party central committee and the State Council have put forward: It is necessary to ensure that price rises in 1989 are conspicuously lower than those in 1988.

It is possible for China, a socialist country, to make a steady advance. However, as our commodity economy is developed under the conditions of socialism based mainly on public ownership, we have encountered new problems for which there is no ready answer to be found both at home and abroad. Take, for example, the ways

and means for establishing the mechanism restricting investment in fixed assets, for effectively controlling excessive self-expansion of consumption funds, and for maintaining an overall balance and rational structure of loans on credit accordingly after powers are relegated to lower levels and the economy is invigorated under the conditions of public ownership. Without prior practice, it is very difficult to predict all newly emerging problems or to predesign a complete and perfect policy for tackling them. Thus, it is hard to avoid defects, errors, and setbacks in the work. However, as we accumulate additional experience and lessons, we have found more ways and means and will adopt better policy measures to solve newly emerging problems.

The measures taken by the party Central Committee and the State Council to improve the economic environment, rectify economic order, and deepen reform in all fields since the 3d Plenary Session of the 13th CPC Central Committee have begun to yield results. A large number of unnecessary capital construction projects have been suspended or postponed, bank deposits are on the rise, the range of price hikes has been reduced, and the prices of some means of production and daily necessities are beginning to drop. Drawing historical lessons in the current effort to improve the environment and straighten out the order, we have focused attention on readjusting the economic structure, restricting or guaranteeing projects as deemed necessary according to the industrial policy. If the readjustment becomes a success, it will further rationalize China's economic structure, improve the economic environment and order in a real sense, and give a strong impetus to the establishment of a new order of socialist commodity economy. To the national economy as a whole, the success will signify an improvement in its efficiency and quality. Therefore, the policy to improve the economic environment and straighten out the economic order is positive and coincides with the general orientation of reform.

We should not overestimate the initial results of the policy to improve the environment and rectify order. The tasks remain extremely arduous, and we should on no account slacken the effort. It is imperative to unswervingly carry out the measures issued by the party Central Committee and the State Council to improve the environment and straighten out order, and, at the same time, to actively explore new ways and means for exercising overall control of the national economy. We are still confronted with many difficulties. However, it is wrong to vacillate over the general policy of reform and opening to the outside world because of difficulties; the trend of thought that doubts or even denies fundamentally the socialist system because of these difficulties is all the more wrong. It is necessary to uphold the party's basic line and two basic points. We are pleased that the CPC shares a common understanding with all democratic parties and patriots in various circles on this fundamental issue. All democratic parties and patriots in various circles have done tremendously in the recent work to improve the environment and rectify order. We are

convinced that with common effort by all and through the joint struggle by the Chinese people of all nationalities, the work to improve the economic environment and straighten out economic order will surely reach its targeted goal, and China's reform will certainly advance continuously and score even greater achievements.

While deepening the economic structural reform and stepping up economic construction, it is also imperative to promote the political structural reform actively and in a down-to-earth way. The development of democracy in China depends on three systems: namely, the National People's Congress system, the multiparty cooperation system under CPC leadership, and the system of political consultations. These fundamental systems, which have been shaped in history, are the choice of the Chinese people and should be improved further still rather than weakened. The three fundamental systems conform to the specific conditions of China and especially to its need for economic and cultural development. The systems will guarantee the people the right to vote according to their will without interference. Under the systems, policy and legislation on important state issues will be decided upon by the power organ composed of people's deputies after extensive consultations and dialogue, and, in some cases, through solicitation of public opinion. We need a continuously developing democracy as well as a stable order to smoothly carry out the economic and cultural construction and eliminate poverty and backwardness in China as quickly as possible. Instability and chaos are incompatible with the vital interests of the Chinese nation. On this point, there is a thorough common understanding among all parties, social strata, and the masses of people of all nationalities. The CPC hopes to work together with all democratic parties and comrades without party affiliations in jointly striving to further improve the multiparty cooperation and consultations systems, thus enabling the country's policy-making processes to become more democratic and scientific. Effective mutual supervision among the parties should also be strengthened, particularly the supervision by democratic parties over the CPC and the government. Greater efforts should be required to make the government clean and honest to mobilize positive factors in all quarters in consolidating and developing the country's political situation characterized by stability, unity, democracy, and harmony, and in making unremitting efforts to accomplish the four modernization, rejuvenate the Chinese nation, and unify the motherland.

In conclusion, I wish you good health and successes in your work in the coming new year!

#RENMIN RIBAO New Year Editorial Carried
OW3112204188 Beijing XINHUA Domestic Service
in Chinese 1543 GMT 31 Dec 88

["Local Broadcast News Service"]

[Text] Beijing, 31 Dec (XINHUA)—Work Hard With One Heart and One Mind —1989 New Year Message

RENMIN RIBAO Editorial

The year 1989 has arrived!

The past year, 1988, was an unforgettable one. During this last year, we have continued to advance along the path blazed by the 3d Plenary Session of the 11th CPC Central Committee, and we have scored new achievements in the great undertaking to build socialism with Chinese characteristics. In the past year, we have continued unwaveringly to implement the general principles and policies of reform and of opening China to the outside world. We have explored new ways for and accumulated new experience in carrying out economic and political structural reforms and in opening up to the outside world. During the past year, however, we have also encountered unprecedentedly serious problems, including the gravest ones of conspicuous inflation and excessive price rises in economic life and some shocking cases of negative and decadent practices in party and government departments and society. To tackle the problems arising along our road of advancement, the CPC convened the 3d plenary session of its 13th Central Committee last fall. Guiding principles for improving the economic environment, rectifying the economic order, and deepening reform in all fields were issued. China, like a boat, is braving stormy waves and sailing toward its set goal!

The overwhelming majority of people—from top to bottom, both within and outside the party—have not been sufficiently prepared in their ideology to confront the serious difficulties and problems encountered in the 10th year of reform. It is only natural that such things have aroused extensive discussions. However, no matter how much people differ in their opinions or mutter in discontent, there is one point of common understanding; namely, that reform is the only way to achieve the four modernizations and reinvigorate the Chinese nation. To retreat to the closed and ossified old framework can only bring poverty and feebleness back to the Chinese people and will make it difficult for us to rejuvenate our nation. The key to tackling problems in the reform can by no means be found in shrinking back from the difficulties or in giving up on them halfway, but it will be found in earnestly summarizing our experience and taking effective supporting measures to continue to strengthen the reform.

The biggest achievement of the past year, we may as well say, is that all party members and people across the country have more profoundly recognized that it is necessary to resolve a series of extremely complex problems, after the "energy" released by reform in its initial stage has conspicuously promoted the work, in order to strengthen the reform and reach the goal of establishing the new system as the predominant force. Reform is indeed a very complicated and arduous revolution for which there is no ideal program. Reform is not plain sailing and cannot become successful overnight. There is no ready-made model or plan for us to copy or follow.

We can only grope for ways to further the reform along this road: Practice, recognize, practice again, and recognize again. Therefore, in a certain sense, the difficulty is in the classroom and the problem is the teachers. Temporary setbacks can help us to learn many things which we are unable to learn under smooth circumstances. What is most important at the present time is to conscientiously summarize experience and to enhance understanding of the law of reform, thereby strengthening confidence in the reform and closely rallying around the party Central Committee in heightening the spirit and in working hard with one heart and one mind.

History is an unbroken process, and 1989 is the continuation of 1988. Positive and negative, as well as cheerful and sad, events will inevitably continue. The statement "with the beginning of another new year, everything will be fresh and cheerful" contains, after all, only the best wishes for new year. We should fight in unity to develop and increase the proportion of positive and cheerful events while overcoming and gradually decreasing the proportion of negative and sad events. The year 1989 will be a better one than 1988.

In the coming year, we must more resolutely carry out the principles adopted by the 3d Plenary Session of the 13th CPC Central Committee and undertake more effective measures for achieving additional tangible results in improving the economic environment and rectifying the economic order.

In the coming year, we must promote the economic structural reform in a down-to-earth manner, combine the improvement of the economic environment and the rectification of the economic order with a readjustment of the production structure and a strengthening of the reform, integrate immediate efficiency with long-range consideration, and make relentless efforts to set up a new order of socialist commodity economy.

In the coming year, we must vigorously develop agriculture, particularly grain production, and increase the effective supplies of farm and subsidiary produce in order to achieve a breakthrough in the protracted stagnation of grain production which has existed over the last few years and strive for an agricultural bumper harvest.

In the coming year, we must actively but prudently promote the political structural reform, step up efforts to improve socialist democracy and the socialist legal system, and resolutely safeguard political stability and unity in order to ensure and promote the smooth progress of economic structural reform and the modernization drive.

In the coming year, we must maintain high standards in the party and the government. We must especially adopt practical and effective measures to maintain the integrity of the government in order to minimize the scope of negative and decadent practices, strive to safeguard and

enhance the prestige of the party and the government, and increase the cohesive and appealing powers of the party and the government, thereby creating a better and more healthy political environment for the reform and the opening to the outside world, as well as promoting the building of spiritual civilization by the whole society.

In the coming year, we must further promote the reform of the science and technology management system, the educational system and better harness the enthusiasm of the large numbers of scientific and technical personnel and educators in promoting the development of scientific, technological, and educational undertakings.

The tasks confronting us in 1989 are tremendous and heavy, but the conditions are ready for fulfilling these tasks. Internationally, the world is moving from confrontation to dialogue and from tension to relaxation. Such a move is generally to China's advantage. There may be a protracted stable international environment for China to concentrate its efforts on reform and the modernization drive. It is of utmost importance for us not to let this golden opportunity slip by but to grasp the favorable conditions to overcome unfavorable factors and do our work well.

The People's Republic will celebrate its 40th anniversary this year. Let us work more diligently and firmly and greet the glorious festival with new successes in reform and construction.

Old Men Faction's Plot To Overthrow Zhao Fails
HK0401110089 Hong Kong CHENG MING
in Chinese No 135, 1 Jan 88 p 10

[Report by CHENG MING Beijing-based special correspondent Tso Ni (1563 6627): "The Old-Men Faction's Plot To Overthrow Zhao Ziyang Miscarries"]

[Text] Drastic Measures Taken Against the Zhao Ziyang System

For some time the mainland has been going in for "examination" and "rectification" in a big way. Instead of succeeding in catching tigers (no one has so far dared deal with several companies of senior officials' children, companies that have been censured by many people), it has perturbed people very much. While carrying out "examination," "rectification," and a general tax inspection, Zhao Ziyang has again put forward "regulations for instituting an honest, clean government," with the intention of learning from the old system practiced in the Ming and Qing dynasties by issuing additional "money for being honest in performing official duties," apart from "official salaries." However, the idea of using renminbi to "cultivate honesty in performing official duties" reportedly has been opposed by some political octogenarians. A few "people with foresight" have also found theoretical bases to negate this.

The financial and economic retrenchment policy carried out under the supervision of Li Peng has not only increasingly depressed the market economy, but has also failed to bring inflation and soaring prices under control. As a last resort, they can only continuously take drastic measures against the "Zhao Ziyang system," seemingly unwilling to give up without overthrowing the basis of the other party.

A Fatal Blow—Suspending Loans to Township and Town Enterprises

For example, Zhao Ziyang still talks glibly to foreign guests about "persisting in the strategy for developing the coastal areas." He seems unwilling to give up the idea of taking part in the great international circle. But two members of the CPC Central Committee Standing Committee, Li Peng and Yao Yilin, who wield great financial powers, are employing an effective weapon: namely, while vigorously reorganizing enterprises, they are suspending the loans granted to township and town enterprises by state banks. This is a fatal blow. It is obvious that the township and town enterprises in the coastal provinces are the capital with which Zhao Ziyang conducts "large-scale import and export" and engages in the "international circle." With this group of township and town enterprises made the target of attack, isn't this an intentional attack on General Secretary Zhao's very political life!?

Charging at Zhao Ziyang From All Directions

During this period, things that have made General Secretary Zhao anxious and worried have come one after another. With his vulnerable points capitalized on by the political octogenarians, Bao Tong, one of his confidants, has been criticized and become his scapegoat. This has made him indignant. Next, the turmoil surrounding the "River Elegy," a television series that makes a political comment, and Wang Zhen's fierce attack on this television film, which was seconded by Yang Shangkun, also has greatly worried him....

The Group Plotting To Overthrow Zhao Ziyang Has Been Dissolved

Last October, Zhao Ziyang's three-point instruction to the Propaganda Department of the CPC Central Committee irritated Wang Zhen so much that he left for Guangdong and Hainan. There seemed to be an unfathomable indication of a "plot" in this.

Some people said that Wang Zhen had previously arranged for a meeting with Bo Yibo in the Zhuhai Special Economic Zone to discuss the matter of "overthrowing Zhao." But, contrary to his original intention, Central Advisory Committee Vice Chairman Bo Yibo warned Wang Zhen not to engage in activities opposing Zhao Ziyang.

After Bo Yibo told Wang Zhen that this was Deng Xiaoping's idea, Wang eventually expressed his willingness to accept this advice. Consequently, the plan to hold a secret meeting in Zhuhai miscarried.

Wang Zhen naturally was disappointed. Bo Yibo, who received a yellow-card warning from Deng Xiaoping, was also displeased. He simply went to the hospital to recuperate and refused to see any guests for a while.

Zhao Feels Discouraged at Being Under an Umbrella

Although Zhao Ziyang will not be overthrown while under Deng Xiaoping's umbrella, he is still in a very awkward position. Therefore, when meeting President Ahmed Abdallah Abderemane of the Federal Islamic Republic of Comoros on 15 November, he again said: "We should not refrain from conducting reform because we are afraid of difficulties." But he cannot put forward any concrete measures. We can thus see that the situation has made Zhao Ziyang "discouraged" and that if he wants to "turn the table," he will have to conserve strength and store up energy.

"The Person in Charge of the Army Is Comrade Ziyang"

A previous article in CHENG MING predicted that Zhao Ziyang would not be overthrown before May 1989. There is some truth in this. To preserve a calm political atmosphere before a Sino-Soviet summit in May, it is indeed necessary to maintain Zhao Ziyang's position. Since early November, on both public and private occasions Deng Xiaoping has many times expressed his support for Zhao Ziyang.

When meeting Uruguayan President Sanguinetti on 7 November, Deng Xiaoping again explicitly said that the persons in charge in China today were Zhao Ziyang and Li Peng and that he (referring to Deng himself) managed few things. On 19 November, Deng Xiaoping was angry that the Central Military Commission still asked him for instructions on everything. That evening, Deng convened an emergency meeting of some senior Army officials, including Qin Jiwei, at which he gave a talk of admonition, saying: I have said several times that Comrade Zhao Ziyang is the first vice chairman of the Central Military Commission and that he is the person in charge of the Army. (Zhao Ziyang, who was present at the meeting, immediately said: On matters of major importance regarding the Army, it is still necessary to ask Comrade Deng Xiaoping for instructions.)

Under such circumstances, it is perhaps impossible for Wang Zhen and others to engineer an incident for the fall of the second general secretary before next May.

Reportage on NPC Standing Committee Meeting

Commodity Inspection Law Submitted
HK3012104188 Beijing RENMIN RIBAO
in Chinese 24 Dec 88 p 4

[XINHUA report: "Zhu Zhenyuan Explains Draft of Import and Export Commodity Inspection Law to NPC Session"]

[Text] Beijing, 23 Dec (XINHUA)—Today, State Council Premier Li Peng submitted the State Council's motion on deliberating the Draft of the PRC Law on Import and Export Commodity Inspection to the fifth session of the Seventh NPC Standing Committee. The motion states that the purpose of formulating this law is to further strengthen the inspection of import and export commodities, safeguard the legitimate rights and interests of all sides involved in foreign trade, and promote the development of production and foreign trade.

On behalf of the State Council, Zhu Zhenyuan, director of the State Commodity Inspection Bureau, explained the draft of the commodity inspection law to the NPC Standing Committee.

He expounded the necessity of formulating this law and the main contents of this law. He said that the State Council formulated the Regulations for Commodity Inspection in January 1984. In the past 4 years, the Regulations for Commodity Inspection played a positive role in promoting production and foreign trade and in safeguarding the legitimate rights and interests of all parties involved in foreign trade. Practice shows that the main contents of the Regulations for Commodity Inspection are basically in keeping with the conditions in our country and are feasible. However, along with the development of opening up and foreign trade in our country, the commodity inspection work also faces some new conditions and new problems. Some provisions of the existing commodity inspection regulations are no longer suited to the developing situation, and should be revised and new provisions should be added.

Zhu Zhenyuan said: The State Council holds that on the basis of summing up the experience, the commodity inspection regulations should be upgraded to a law, and the conditions for this legislation are ripe already.

He said: The Draft of the Commodity Inspection Law includes seven chapters and 37 articles. The seven chapters are: General Provisions, Inspection of Import Commodities, Inspection of Export Commodities, Notarization for Foreign Trade, Supervision and Management, Legal Responsibilities, and Supplementary Provisions. The main contents include four points: 1) the character and tasks of the state commodity inspection department, and the management system for the commodity inspection work; 2) the contents, principles, and foundation for the inspection of import and export commodities, and

notarization for foreign trade; 3) supervision and management over the inspection of import and export commodities; and 4) legal responsibilities, including punishments for commodity inspectors who abuse their functions and powers.

Deliberations on Draft Standard Law
HK0401005789 Beijing RENMIN RIBAO
in Chinese 24 Dec 88 p 4

[XINHUA Report: "Proper Revision of the Draft Standard Law Completed—Song Rufen (1345 3067 2781) Reports on Results of Deliberations on the Draft Standard Law"]

[Text] Beijing, 23 Dec (XINHUA)—Deputy director of the NPC Law Committee, Song Rufen, reported on the NPC Law Committee deliberations on the "Standard Law of the People's Republic of China (Draft)" at the 5th meeting of the 7th NPC Standing Committee held today's morning. He said, based on the opinion of the committee members on the revision of the draft, the Law Committee recommended to the NPC Standing Committee the examination and approval of the draft.

He said, at the 4th meeting of the 7th NPC Standing Committee, the Law Committee reported on its deliberations on the draft standard law. After the deliberations, the committee members made many good opinions. When the meeting was over, the Law Committee, together with the NPC Financial and Economic Committee and Education, Science, Culture and Public Health Committee convened three rounds of discussion. They solicited opinions from concerned departments of the central authorities, and concerned enterprises in Beijing Municipality. They also sent investigators to Tianjin municipality to solicit opinions from concerned departments and enterprises. The Law Committee convened meetings on 15 and 16 December and, based on the opinions of deliberations made by the members at the 4th meeting of the NPC Standing Committee and by the Financial and Economic Committee, and opinions made by localities and departments, examined and approved the draft standard law, and proposed some recommendations for revision.

Concerning the problem of whether the standard law should stipulate professional standard and local standard, Song Rufen said, as far as professional standard is concerned, some members and local authorities consider that both professional and national standards are ones applicable to the whole country and there should not be two different terms simply because the departments that authorize the standard are different, and that the stipulation of professional standard should be deleted. Some members and departments, on the other hand, consider that under the present situation, apart from national standard, it is still necessary to set up certain professional standards by trade societies organized by related administrative departments of the State Council, scientific research organizations and concerned enterprises.

"Professional standard" can be renamed "trade standard." Therefore, these members and departments propose to stipulate that: "For those technical requirements which have no national standard, but need to be standardized in a certain trade throughout the country, trade standard can be set up. Trade standard will be set up by concerned administrative department at the State Council, and reported to the standard administration department at the State Council for the record."

Concerning local standard, some members and departments maintain that the necessity for a local standard is not great. Especially for electromechanical and chemical industrial products, it is not suitable to stipulate local standards. The fact that every province makes its own local standard is not favorable to commodity interflow between different regions and the development of commodity economy. These members and departments propose not to stipulate local standard. There are other members and departments who consider that according to the present situation in our country, except for electromechanical and chemical industrial products, some local standards can be set up to supplement national and trade standards, except that their scope can be made narrower. Therefore, these committee members and departments propose to stipulate: "For those industrial products not having a national, nor trade standard, but in need of a standard for safety and health requirements in provinces, autonomous regions and municipalities, local standards can be stipulated. Local standards will be set up by the provincial, autonomous-regional and municipal standard administration departments, and will be reported to the standard administration department and concerned administrative departments at the State Council for record. But once national or trade standard is promulgated, the local standard will cease to be valid." When the Law Committee members deliberate, some members suggest not stipulating local standard. Most members consider the above revision basically acceptable.

Concerning the problem whether to stipulate standard on agricultural products, the revision draft of the draft standard law makes two proposals: One is that this law will not stipulate the standard of agricultural products. The other proposal is that this law can stipulate standard on the breeds, specifications, quality, grades, or health requirement of important agricultural products. Since the State Council's Legislation Bureau and State Technology Supervision Bureau consider that for some agricultural products there is still a need to stipulate standard, a suggestion was made to add one clause: "Standard on important agricultural products and other items in need of setting up standard will be stipulated by the State Council."

Song Rufen said, some members pointed out that, the opinion offered in the Law Committee's report on the deliberations of the draft standard law, that there should be a definite stipulation distinguishing mandatory and recommendatory standard, is fairly good. But such a

stipulation as contained in the revision draft on the draft standard law is not sufficiently clear. Therefore, these members propose to add a stipulation: "National and trade standards are divided into mandatory and recommendatory standards. Those standards and laws that protect health, person, and safety of property, and standards enforced by the administrative rules and regulations are mandatory standards; while the rest are recommendatory standards." Moreover, in the article on the implementation of standard it should be added that "mandatory standards must be enforced. Products not up to mandatory standard are prohibited from production, sales and export. Recommendatory standard can be adopted on a self-willing basis."

He said, some members propose that punishment should be meted out to those products which, though given the recognition certificate, do not measure up to national or trade standard but are put on sale bearing the recognition certificate. Therefore, a propose is made to add a stipulation in the article of legal obligations: "For those products which are given the recognition certificate, but are below national or trade standard, and which are put to sale bearing the recognition mark, the standard administration department will order the discontinuation of the sale of these products. The department can levy fines; and the certification department can withdraw the recognition certificate."

Song Rufen Explains Revisions
HK0401012389 Beijing RENMIN RIBAO
in Chinese 28 Dec 88 p 4

[XINHUA report: "NPC Law Committee Further Revises Two Draft Laws; Song Rufen Explains These Revisions"]

[Text] Beijing 27 Dec (XNA)—Based on the opinions of the NPC Standing Committee members on revising the Draft Standardization Law and the Draft Decision on Revising the Land Administration Law, the NPC Law Committee has once again revised the two draft laws in question. At the Fifth Plenary Session of the Seventh NPC Standing Committee held this morning, Song Rufen, Law Committee vice chairman, explained the revisions of the Draft Standardization Law and the Draft Decision on Revising the Land Administration Law.

Concerning the Draft Standardization Law, Song Rufen said that the original revised version stipulated: "Under the condition in which state standards do not exist when there are needs to unify technical requirements within a certain trade nationwide, trade standards may be formulated. The trade standards will be formulated by relevant responsible administrative departments under the State Council and submitted to the standardization administrative department under the State Council for registration." Some comrades have proposed that such trade standards be abolished as soon as state standards are promulgated. Hence the sentence, "Such trade standards

will be abolished immediately after the promulgation of corresponding state standards" is added after "registration" in the original text.

According to Song, the original revised version stipulated: "State standards and trade standards are again divided into mandatory standards and recommendatory standards." Some NPC Standing Committee members have suggested that corresponding stipulations be made regarding local standards. Hence, the proposal that a section be added, namely, "local standards regarding the requirements on safety and hygiene of industrial products formulated by responsible standardization administrative departments at the provincial, autonomous regional, and municipal levels are mandatory within the realm of their jurisdiction."

Song Rufen continued that the original revised version stipulated: "Mandatory standards must be exercised. The production, marketing, and importation of products failing to satisfy the mandatory standards are banned. Recommendatory standards may be adopted on a voluntary basis." Some members have suggested that a stipulation be made to encourage recommendatory standards in enterprises. Therefore, the original statement, "recommendatory standards may be adopted on a voluntary basis" in this article is changed into "the state encourages enterprises to adopt recommendatory standards on a voluntary basis."

He said that the original revised version stipulated that should the production, marketing, and importation of products fail to satisfy mandatory standards, then the products in this category and the illegitimate proceeds derived from them will be confiscated, and a fine may also be imposed upon those who are involved. Based on a suggestion by some members, it is proposed that the original phrase "and a fine may also be imposed" be altered to "and a fine will also be imposed."

Song Rufen said, some members have suggested that there should be a stipulation that those personnel engaged in supervision and control of standardization who violate the law, are derelict in their duty, bend the law for the benefit of relatives and friends, and practice fraud be investigated and held legally responsible. Therefore, it is proposed that a clause be appended to the chapter on legal responsibility that, "Administrative personnel engaged in supervision and examination and control of standardization who violate the law, are derelict in their duty, bend the law for the benefit of relatives and friends, and practice fraud will be given administrative penalty; and those who have been found guilty will be investigated and held responsible for the crime."

With regard to the revision of the Draft Decision on Revising the Land Administration Law, Song Rufen said that the original revised Land Administrative Law in the Draft Decision read: "Those who have violated the law by digging up earth and on cultivated land and

exploiting stone and mineral resources from it, resulting in the loss of conditions for farming, such as causing the land to become sandy or saline or causing soil erosion from land development, should be ordered to treat it within a certain time limit and may be fined." Based on the opinions of some members, it is proposed the statement "resulting in the loss of conditions for farming" be changed into "resulting in the grave destruction of conditions for farming."

Legislative Work To Speed Up

OW0101124789 Beijing XINHUA in English
1032 GMT 1 Jan 89

[Text] Beijing, January 1 (XINHUA)—The National People's Congress (NPC) and its Standing Committee—China's legislative body—will speed up its work of legislation in the next two years in a bid to provide more legal protections for its reform and opening to the outside world.

It has been learned that the NPC Standing Committee, through its consultations with its special committees and relevant departments under the State Council, plans to draft and formulate over 80 laws in the next two years.

According to a resolution adopted at the second meeting of the Seventh NPC Standing Committee convened last June, the NPC and its Standing Committee is expected to enact 135 laws in the next five years starting from 1988.

Of the 80 or more laws to be promulgated in the next two years, over 30 concern the improvement of the country's economic environment and rectification of its economic order, and this represents the focus of the legislation work.

These laws include budget law, bank law, company law, investment law, laws on state input in agriculture and law on price control.

It is also learned that law-drafting departments might study some laws in Hong Kong or overseas or take them for reference in the course of lawmaking.

Other laws will cover education, science and technology, culture, public health work, the state organs, national defense and the protection of citizen's democratic rights.

They include teachers' law, copyright law, the working regulations for NPC deputies or law concerning NPC deputies, supervision law and state security law.

In the process of drafting the laws, views of legal experts, law study institutions, colleges and universities of political science and law and mass organizations will be heard, sources say.

Officials Fear Increased Student Protests
*HK3112024588 Hong Kong SOUTH CHINA
MORNING POST in English 31 Dec 88 p 12*

[By Alfred Kwok]

[Text] Authorities are increasingly concerned over a series of incidents focusing on African students since the Christmas Eve clash with Chinese students.

The Chinese officials are not worried so much about their policies with regard to African students or educational aid to Third World countries, but with the chance of discontented Chinese students taking advantage of the clash to vent their own anger and frustration against their rulers.

There is a likelihood of the students repeating the 1986-87 street demonstrations to outline their grievances other than the so-called "preference" for the African students.

They would be clamouring for a better deal for themselves, irrespective of the privileges given to foreign students. And if this is not forthcoming, they would act in the same way as their schoolmates of two years ago did.

China specialists are looking ahead of the current series of incidents and beyond what the Western press would describe as "racism"—discontent over restriction of free expression, restraint over a faster pace of reforms that the younger would crave for, rampant inflation and, far more than the grievances over privileges for foreign students, privileges given to the children of senior party cadres.

In short, the analysts are looking for signs that the students would demonstrate against local grievances.

Two years ago, when the students took to the streets, Mr Li Peng, then the senior vice-premier and minister in charge of the State Education Commission, took stern measures against student demonstrations.

Today, the responsibility for education falls on the shoulders of another Mr Li—Mr Li Tieying, then minister in charge of State Commission for Restructuring the Economy, swapped jobs with Mr Li Peng, in the May government reshuffle.

If the situation deteriorates on the student front—whose ranks could very well be joined by workers who have seen their income dwindling because of spiralling price increases—the government will have to take drastic measures similar to those in January 1987 and constrain the student movement.

Some analysts said the authorities might also have to find a scapegoat to take the blame for the current "instability" and loss of an otherwise exemplary image in the international circles.

If this were to be the case, then Mr Li Tieying will have to shoulder the blame and resign in the same way as Mr Ding Guanggen, who had to resign as Railway Minister early this year following a series of train disasters.

Other analysts, however, disagree with this view. Mr Li Tieying is a well-established figure in his own right. In addition, he is also the son of a very senior late party cadres, Mr Li Weiham and his wife Jin Weying.

Mrs Li, who was of partial Korean descendancy, was, as analysts noted, the second wife of the country's strongman, Mr Deng Xiaoping, whom she left to marry Mr Li Weiham during the Jingangshan days.

But even though Mr Li Tieying stays on, the authorities will have to look into the student grievances seriously and take timely remedial measures.

After all, it is general knowledge that China's education allocation this year is less than two percent of the national budget, very much below many others, even below many of the developing countries.

And although Mr Li Peng and Mr Li Tieying have stressed in a recent meeting the importance of educating the country's younger generation, more concrete steps will have to be taken to improve the lot of both the teachers and the students.

Without such steps, the students will continue to demonstrate. They have taken the African students' Christmas Eve behaviour as an excuse for their public demonstrations. They will take any other excuse to remonstrate with the authorities for the inattention the authorities pay to the younger generation.

Leaders Guiding Foreign Investment Reshuffled
*HK0401104989 Beijing CEI Database in English
4 Jan 89*

[Text] Beijing (CEI)—The leading group of foreign investment under The State Council has been reshuffled in a bid to attract more foreign investment.

Vice-Premier Tian Jiyun has been appointed head of the group; Gan Ziyu, vice-minister of the State Planning Commission, Shen Jueren, vice-minister of the Ministry of Foreign Economic Relations and Trade, He Chunlin, deputy secretary-general of The State Council and director of Special Economic Zones Office under The State Council have been appointed deputy heads; and Zhou Jiannan, advisor to the group.

The main task of the group which was established in July 1986 is to study policies, regulations and measures concerning utilizing foreign investment and put forward proposals to the State Council; supervise and check up on work of using foreign capital; coordinate, arbitrate and solve important problems; and speed up the drafting of laws concerning foreign investment and trade.

Commentator Discusses Civil Affairs Departments
HK0101082489 Beijing RENMIN RIBAO
in Chinese 18 Dec 88 p 1

[Commentator's Article: "Give Play to the Stabilizing Mechanism of Civil Affairs Departments"]

[Text] Civil affairs departments are functionary departments of government at various levels that manage social and administrative affairs. Their main tasks cover three aspects: Political power building, social security, and administration. In the great tide of reform and opening up to the outside world, the previous closed situation in which China's civil affairs work was handled by departments has been changed, and civil affairs work has entered a new stage in which various aspects of strength in society are to be used and civil affairs undertakings are to be developed through diversified channels, levels, and methods. Reform has brought vitality to civil affairs work and has also given new energy to it. In recent years civil affairs work has achieved great success.

At present, the construction of China's socialist modernization indeed requires a stable, united, democratic, and harmonious social environment. Under the new situation, how should civil affairs departments give play to their role? In view of the duties and tasks of civil affairs work, they should mainly give play to the role of the stabilizing mechanism. However, since some people do not understand civil affairs work, they merely regard it as being responsible for "distributing money and visiting people at the new year" and feel that giving play to the role of the stabilizing mechanism is the duty of public security departments, judicial departments, and so on rather than civil affairs departments. These viewpoints are obviously not comprehensive. We should be able to see that many social problems have to be solved by the work of civil affairs departments, such as: The work of providing favored treatment, comfort, and compensation to martyrs, servicemen's families, and handicapped servicemen; making arrangements for demobilized soldiers and retired army cadres; finding jobs and making arrangements for handicapped people; providing social relief; providing disaster relief to and helping poor people in rural areas; providing five guarantees; reforming wedding and funeral customs; protecting the political and democratic rights of the masses at the basic level; taking in and sending back tramps and beggars in cities; and so on. When this work is well-handled, it will promote social stability and economic development. Civil affairs work should give play to the role of its stabilizing mechanism from these aspects through economic, administrative, and legal means in perfecting the

social organizational structure, readjusting social relations, easing social contradictions, carrying out social services, and solving social problems.

For a long time to come, civil affairs departments will have to promote the building up of democracy at basic levels, set up a social security system, readjust the reallocation of income in society, and promote the stability and unity of society through strengthening the building up of basic level political power and villagers' committees. Apart from these things, they also have to ensure the lives of martyrs' and servicemen's families and honorable servicemen; perfect the work of making arrangements for retired servicemen and retired army cadres; and promote the modernization of national defense through handling the work of providing comfort, compensation, and arrangements for these people well. Moreover, they have to transform social traditions and promote the building up of socialist civilization through handling social administrative work well. Furthermore, they have to serve the creation of a stable, united, democratic, and harmonious social environment, the deepening of economic and political structural reforms, and the developing of productive forces.

Civil affairs work is important work for the party and the government. Its tasks are heavy and complicated; have a diversified, mass, and social nature; have a very close relationship with hundreds of millions of people; and are closely linked with the development of various undertakings of China's socialist construction. Party committees and government at all levels should strengthen leadership and put civil affairs work on the agenda; and related department should fully support the work of civil affairs departments. The forces of all aspects in society should be mobilized to jointly perform civil affairs work well. At the same time, civil affairs departments should give play to their subjective initiative, should handle well the work of building themselves up, should continue to develop the tribute spirit of willingly serving the young and the weak of civil affairs cadres, staff, and workers, should make new contributions to the two socialist modernizations, and should make civil affairs work achieve progress in the course of reform.

Commentary Opposes Bureaucratic Racketeers
OW0301131889 Beijing Domestic Service
in Mandarin 1030 GMT 30 Dec 88

[News commentary by station reporter (Cai Xiaolin): "Make Sure That Bureaucratic Racketeers Do Not Have Other Officials To Protect Them"—from the "National Hookup" program]

[Text] This reporter recently heard a strange but true story at the State Administration for Industry and Commerce.

A county administration for industry and commerce in Hebei had closely attended to a case of bureaucratic racketeering in the county, thereby offending those who

considered themselves very influential in the locality. As a result, the leader in charge of the case was arrested without any justification and imprisoned together with the ringleader of the case of bureaucratic racketeering. I was told this is not uncommon in China at present.

From November 1987 to December this year, the State Administration for Industry and Commerce concentrated its efforts on investigating and handling cases of grave importance that involve speculation and illegal economic activities. A total of 312 cases of grave importance were investigated, of which some 70 percent involved enterprises run by the state and the collectives as well as monopoly trades. In other words, quite a few of these cases involved bureaucratic racketeers.

Generally speaking, it does not take long to handle cases that do not involve bureaucratic racketeers, from setting up the file to closing of the case. However, once bureaucratic racketeers are involved, the problem becomes very complicated. Intercession, attack and retaliation, administrative interference, and other approaches are used. Informed sources disclosed to this reporter that of the 312 cases of grave importance that have been publicized, about half have remained unsettled, and most of them involve bureaucratic racketeers.

Why does a case become difficult when bureaucratic racketeers are involved? According to one analysis, the most important reason is that bureaucratic racketeers always have other officials to protect them once their crimes are uncovered. Usually, bureaucratic racketeers are shielded in the following manner: 1) There are those who think that the illegal incomes of bureaucratic racketeers do not go into the pockets of individuals, but are for the benefit of the localities or small groups. They do not have the heart to subject these people to investigation or bring them to justice, so they step forward to intercede for the bureaucratic racketeers. 2) Chairmen or honorary chairmen of the boards of directors, advisers, and the like of units that engage in bureaucratic racketeering are always rather influential people in the localities, or even incumbent party and government leaders. Once the bureaucratic racketeers get into trouble, these people step in to cause administrative interference. Law-enforcement officers who still persist in handling the case are subjected to attacks and retaliation. 3) Many bureaucratic racketeers themselves are the incarnation of administrative organs that wield considerable powers. The difficulty of investigating and handling this type of bureaucratic racketeers is understandable. Bureaucratic racketeers who hamper reform and upset economic order have remained at large, while those who investigate and handle the bureaucratic racketeers have become unpardonable sinners. This is an extremely abnormal phenomenon, indeed.

In the view of this reporter, as we are switching over to commodity economy, investigating and handling bureaucratic racketeers is of great importance to rectifying economic order and improving economic environment and this will have a great impact on social stability.

As the New Year draws near, it is hoped that all the people will take a more farsighted view; think more of the great cause of reform and the people; cooperate closely with law-enforcement officers in justifiably, rapidly, and precisely investigating and handling all cases of illegal economic activities; and make sure that bureaucratic racketeers do not have other officials to protect them.

Punishment of Theorists Criticized at Forum

*HK0401034389 Hong Kong TA KUNG PAO in Chinese
29 Dec 88 p 1*

["Su Shaozhi Speaks About Punishment of Theorists at Discussion Meeting To Mark Third Plenary Session"]

[Text] Shanghai sources: In his speech at a discussion meeting to mark the 3D Plenary Session of the 11th CPC Central Committee, well-known theorist Su Shaozhi said he believed that "eliminating pollution" and the "fight against liberalization" have been the biggest problems in theoretical circles over the past 10 years. Many comrades required clarification—for many theoretical and academic issues have been involved—such as humanism, alienation, the reassessment of Bukharin, the theory on the phases of socialist development, the fight against pernicious effects of feudalism, and so on. All these issues fall into the category of academic and theoretical concepts, but at that time, academic theories were judged by the yardstick of one school of thought, and even of a single authoritative personality. Moreover, a political big stick was applied to academic and theoretical issues, with many scholars given unfair political punishment. He said that Li Shu, Yu Guangyuan, and Wang Ruoshui were given unfair treatment in consequence of "eliminating pollution" and the "fight against liberalization." He said that those were unjust verdicts, and could not be settled by the mere statement "do not get entangled with things past."

SHIJIE JINGJI DAobao carried lengthy excerpts of Su Shaozhi's speech not long ago.

In his speech, Su said that there was nothing wrong with the theoretical concepts of Yu Guangyuan and Wang Ruoshui; it was just that they did not conform to the tastes of some leading members of theoretical circles at that time. Even if there were some things that were wrong in their academic concepts, the practice of meting out punishment on the grounds of academic and theoretical problems itself violated the stipulation in the constitution regarding academic freedom and the principle of letting a hundred schools of thought contend.

He said that the principle of "letting a hundred schools of thought contend" has been better implemented since the "3D Plenary Session of the 11th CPC Central Committee." However, the past decade has not always been plain sailing.

Su Zhaozhi said: "I have been a firm follower and propagandist of the spirit of the 3D Plenary Session of the 11th CPC Central Committee. I am participating in the discussion meeting out of a desire for solidarity, and it is also for solidarity that I speak."

Official Urges Protecting Multiparty Cooperation
OW0101133889 Beijing XINHUA in English
1317 GMT 1 Jan 89

[Text] Beijing, January 1 (XINHUA)—A senior Communist Party official has called for drafting laws to protect multi-party cooperation in China, according to the latest issue of OUTLOOK weekly.

The system of multi-party cooperation under the leadership of the Communist Party is one of the basic systems for China and should be included in the country's constitution, said Song Kun, a deputy head of the United Front Work Department of the Communist Party Central Committee.

China should have laws on political parties and regulations on their participation in government and political affairs, the deputy head said in an exclusive interview with the weekly.

According to Song, his department is now engaged in the study of such laws and will submit relevant proposals to the National People's Congress, the country's highest legislative body.

Meanwhile, more and more non-Communist Party persons and non-party personages will be appointed as leading officials at and above the provincial level, Song went on.

China's political life will be filled with more vitality, said Song, if non-Communist persons and non-party personages hold leading posts in ministries under the State Council.

Favors More Non-CPC Officials
OW0201102989 Beijing XINHUA Domestic Service
in Chinese 1233 GMT 1 Jan 89

[“Local Broadcast News Service”]

[Text] Beijing, 1 Jan (XINHUA)—According to the No 1 1989 issue of LIAOWANG weekly, in a recent interview with the weekly Song Kun, deputy director of the CPC Central Committee United Front Work Department, said that we are working to gradually increase the number of democratic party members and non-CPC personages holding ministerial or provincial level leading posts.

According to Song Kun, central committees and provincial and municipal level organizations of all democratic parties have recently taken the initiative to recommend personnel for leading posts. So far, we have selected a number of persons to be recommended for leading posts

in ministries and commissions under the State Council. He said: China's political life will be filled with new vitality if non-CPC persons hold leading posts in one-third of all ministries and commissions.

Deng Xiaoping Advised To Quit Smoking
OW0101092989 Beijing XINHUA Domestic Service
in Chinese 1422 GMT 29 Dec 88

[“Local Broadcast News Service”; by reporters He Ping and Zhang Shutang]

[Excerpts] Beijing, 29 Dec (XINHUA)—Newsletter: No Smoking in the NPC Standing Committee

The sight of an NPC Standing Committee session filled with smoke is no longer seen. Signs of “no smoking, please” have become the unique “law” to restrain NPC Standing Committee members.

At a meeting of the Seventh NPC Session held this spring, Comrade Deng Xiaoping, a heavy smoker himself, was goodnaturedly advised by an NPC deputy to quit smoking.

Because of the large number of smokers in China, Huang Shunxing, a newly elected NPC Standing Committee member, suggested at a Seventh NPC Session to Peng Chong, vice chairman of the NPC Standing Committee, to post “no smoking” signs at the assembly hall of the NPC and its standing committee. [passage omitted]

Since then, “no smoking” signs have been posted in the assembly hall of the NPC Standing Committee, periodically reminding the NPC deputies of checking their smoking habit. At the same time, ashtrays and matches needed for smoking have also disappeared.

At present, smoking is prohibited in plenary sessions, group sessions, and other meetings of the NPC Standing Committee. It is reported that smoking will be prohibited in all official meetings of the NPC and its standing committee to be held from now on.

However, most public places in China are still filled with smoke and polluted air. The number of smokers is on the increase. When will the air in such public places become pure and fresh?

Agricultural Directors Meet 27-28 Dec

Tian Jiyun Speaks
OW0101082689 Beijing XINHUA Domestic Service
in Chinese 1544 GMT 28 Dec 88

[Text] Beijing, 28 Dec (XINHUA)—Speaking at a discussion meeting today with representatives attending the national conference of agricultural department (bureau) chiefs, Vice Premier Tian Jiyun said: All localities must resolutely follow the guidelines of the National Conference on Rural Work and the call of the party Central

Committee and the State Council for reaping a bumper harvest next year. In the course of improving the economic environment and rectifying the economic order, all localities must give priority to developing agriculture and strive for a bumper harvest next year by doing their best in overcoming difficulties.

He said: There are certainly problems in our agricultural production, the most important of which is that grain production has remained stagnant for quite a number of years running. As China's population expands, the demand for grain and grain products increases. As industry develops, the demand for more farm output also increases. This is necessary for social stability, reform, opening to the outside world, and for improving the economic environment and rectifying the economic order.

Tian Jiyun said: To upgrade China's agriculture, it is necessary to implement the series of policies and measures laid down by the National Conference on Rural Work. In short, it means relying on policy, science, and input. The current effort to improve the economic environment and rectify the economic order has set higher demands on agriculture, and this has created a sort of pressure as well as a good opportunity for developing agriculture. Improving the economic environment does not mean retrenchment in every sphere; it means that the effort to improve the economic environment should proceed in conjunction with readjustment of the production structure. While reduction is necessary for some overheated sectors of production, expansion is necessary for some others. It is necessary to expand agriculture, and this must be clearly understood. The effort to improve the economic environment and rectify the economic order will make it possible to create a better environment and conditions—sufficient funds, energy, raw and semifinished materials, and good economic order—for agricultural development. All localities should turn the pressure into a motive force, and take advantage of this good opportunity to boost agricultural production in order to make greater contributions to improving the economic environment and rectifying the economic order.

Tian Jiyun issued the following instructions: To wrest a bumper harvest next year, all localities must strengthen leadership over agricultural production; all localities must resolutely carry out to the letter the policies and measures laid down by the party Central Committee and the State Council; efforts must be made to ensure the timely supply of means of agricultural production so as to meet the needs of spring farming; if a mistake is committed regarding this matter, the leader of the relevant department will be held responsible; all trades should be organized to support agriculture.

Bumper Harvests Sought

OW0101141789 Beijing Domestic Service
in Mandarin 1030 GMT 28 Dec 88

[From the "National Hookup Program"]

[Text] If China is to strive for a bumper agricultural harvest next year, not only strenuous efforts by the agricultural departments will be required but also close cooperation from the relevant departments. At a national conference held yesterday in Beijing of directors of various agricultural departments and bureaus throughout China, responsible persons of the Ministry of Chemical Industry, the Agricultural Bank of China, and relevant departments put forward some tentative plans and measures for striving for a bumper agricultural harvest next year from the viewpoint of the respective departments.

Planning to produce 85 metric tons of chemical fertilizer next year, the Ministry of Chemical Industry has decided to use 55 million yuan in foreign exchange to import some materials to solve the problem of material shortage in the production of chemical fertilizer. It will strive to produce 90 million metric tons of chemical fertilizer in 1990.

The Agricultural Bank of China will give priority to the production of grain, cotton, and oil. It will emphasize planting and cultivating undertakings as a form of making agricultural investment. The Ministry of Commerce indicated that subsidies will be allocated next year, and that purchasing prices of cotton will be properly adjusted. The Ministry of Water Resources stressed that our first task now is to endeavor to fight drought and expand irrigated areas in the winter so as to intensify sustained agricultural development.

Relevant responsible persons of the Ministry of Finance, the Ministry of Light Industry, and the China Agricultural Investment Corporation also spoke at the conference.

Song Jian at Environmental Protection Meeting

OW0201041189 Beijing Television Service
in Mandarin 1400 GMT 30 Dec 88

[From the "Night News" program]

[Text] At the 10th meeting of the Environmental Protection Committee of the State Council held on 29 December, a decision was made on improving environmental pollution in Benxi City. The meeting called on Benxi City to improve the quality of air in the city to at least third class based on environmental standard and water quality to at least fifth class based on land water standard during the period from 1989 to 1995.

Benxi City is China's important production base for steel, iron, cement, coal and other raw materials. Because environmental protection in economic development was overlooked in the past, air pollution has become quite serious. According to the principle of whoever causes pollution will be held responsible for making improvements, the meeting decided that funds required for reducing pollution will be shared by the Benxi City Government; the Liaoning provincial government; and various metallurgical, construction materials and energy departments and enterprises under those departments. The state will also give them necessary support in accordance with related preferential policy.

Song Jian, state councillor and chairman of the Environmental Protection Committee of the State Council, said that the committee will periodically inspect the situation in improving pollution in Benxi City and make a final check on the work.

Song Jian Greets PRC Antarctica Expedition
OW0101162789 Beijing Domestic Service
in Mandarin 2230 GMT 30 Dec 88

[From the "National Hookup" program]

[Text] Song Jian, state councillor and minister of the State Science and Technology Commission, cabled season's greetings to China's expedition to the eastern part of Antarctica on 30 December, encouraging the team to make persistent efforts to satisfactorily accomplish current missions.

As of 30 December, the survey expedition basically has completed excavation of the foundation pit for housing of the Zhongshan Station. Personnel who will conduct research in geology, biology, and the environment also began their survey ahead of schedule.

Zou Jiahua at Nonferrous Metals Industry Forum
OW0201063189 Beijing Television Service
in Mandarin 1400 GMT 30 Dec 88

[From the "Night News" program]

[Text] At the national work meeting on the metallurgical industry yesterday, State Councillor Zou Jiahua pointed out that the output of 10 major nonferrous metals and their profits and taxes delivered to the state all set new records this year. He said: This shows the important role of reform and the open policy to the liberation of the productive forces. [Video shows medium close-up of Zou Jiahua at the meeting site]

Zou Jiahua called on the Nonferrous Metals Corporation to continue on the road of reform and truly turn the corporation into an economic entity. He said: At present, there are many difficulties in our country's economic work. It is hoped that all staff members and workers in the nonferrous metals industry will unite as one, work hard, and pay particular attention to saving electricity.

They should make efforts to improve management, increase efficiency, develop new technology, and raise the quality of products in order to make still greater contributions to developing China's nonferrous metals industry.

Rui Xingwen To Write Foreword for New Weekly
OW0101225689 Beijing Television Service
in Mandarin 1400 GMT 28 Dec 88

[From the "Night News" Program]

[Text] At a forum to mark the inauguration of ZHONGGUO WUZHIBAO [CHINA MATERIAL NEWS], our station reporter learned that this paper will officially start publication on 3 January 1989.

This is the first authoritative and specialized publication in China on the subject of material circulation. It will shoulder the heavy responsibility of publicizing the general and specific policies of the State on material circulation, transmitting information on the capital goods market, and introducing advanced experience and individuals involved in material circulation on the principle of being authoritative, prompt, advanced, and practical. It will appear in a fresh, lucid, lively, and incisive style.

ZHONGGUO WUZHIBAO has been approved as a weekly, and will be published every Tuesday.

Comrade Rui Xingwen will write the foreword for the first issue.

Li Xiannian Meets Shanghai CPPCC Leaders
OW0101102189 Beijing Domestic Service
in Mandarin 1030 GMT 28 Dec 88

[From the "National Hookup" program]

[Text] Li Xiannian and Wang Renzhong, chairman and vice chairman respectively of the CPPCC National Committee, held a New Year's gathering with leading comrades of the Shanghai Municipal CPPCC Committee yesterday. They heard the Shanghai Municipal CPPCC Committee's work report as well as its opinions and suggestions on the issue of improving the economic environment and rectifying economic order.

'Progress' on Superconductor Films Noted
HK0401065789 Beijing RENMIN RIBAO
in Chinese 30 Dec 88 p 3

[Report by Huang Xingzhang (7608 5281 4545) and Chen Zujia (7115 4271 3946): "China Makes Progress in Studies on Superconductor Films"]

[Text] After marking time for awhile, China has made a breakthrough in studying high-temperature superconductor films. The responsible cadre of the Physics Research Institute of the Academy of Sciences of China

announced today that the critical current density of the high-temperature superconductor film developed by the institute reaches 1.34×10 to the 6th power amperes/square centimeter.

The current density represents the maximum magnitude of current flowing through one square centimeter. The greater the magnitude of current, the greater the possibility of the superconductor material being applicable. Scientists the world over who are studying superconductor film are working hard to attain this goal. At present, there are only a few countries that can develop high-temperature superconductor films with current density reaching the level of 10 to the 6th power.

The research group headed by research fellow Li Lin and deputy research fellow Zhao Boru of the Physics Research Institute under the Academy of Sciences of China succeeded in attaining zero-resistance temperature of 90.5 K on the yttrium-barium-copper-oxygen superconductor film built on a strontium titanate chip, using the method of radio-frequency magnetically-controlled spraying. They made a tiny "bridge" of this material, and by connecting both ends of the bridge to the power source they got the above result on two measuring systems.

Breakthrough Reported in Superconductor Research
HK0201123289 Beijing CEI Database in English
 2 Jan 89

[Text] Shenyang (CEI)—A laser superconductivity research group of the Metallurgical Research Institute of the China Academy of Natural Sciences has made a 0.5-millimeter-diameter wire out of bismuth-strontium-calcium-copper-oxygen superconductive materials.

The material passed the technological appraisal in Beijing University on December 15 and its critical electric current density under the temperature of liquid nitrogen is 1,800 ampere per square centimeter, which is the highest datum gained in the sector at home and abroad so far.

Chinese-Made Minicomputer Wins Contract
HK0301104989 Beijing CEI Database in English
 3 Jan 89

[Text] Beijing (CEI)—China's Taiji Computer Corporation has won a contract of the World Bank contract to supply 64 minicomputers to 40 colleges under the State Education Commission at an international competitive bidding with over 20 world famous manufacturers. [sentence as received]

It was the first time for a Chinese-made minicomputer to win an international bidding.

The Taiji Corporation's offer for the procurement, a Taiji 2230 model, is a 32-bit super-functional minicomputer of the fourth generation of computer technology and is up to the world standards of the late 80s.

Gobi Missile Test Base Achievements Reviewed
HK0401121889 Lanzhou Gansu Provincial Service
 in Mandarin 0000 GMT 2 Jan 89

[Text] China's aviation and missile test base in the Gobi Desert, in the northwest of the country, has made 883 scientific research achievements, 93 of which have won prizes, over the last 30 odd years. This base has been named a missile city in the Gobi Desert.

In the 1950's and 1960's, group after group of university graduates as well as technological and scientific personnel kept coming to the desert, cherishing the wish to build the country's national defense stronger. They overcame difficulties caused by strong winds and sand dunes and finally adapted themselves to the climate. They carried out experiments on special subjects and worked hard for the initial testing of satellites, the testing of the satellite recovery system, and the testing of atom and hydrogen bombs. Many of their scientific research projects occupy a leading position in the country. Their scientific research on a medium- and high-altitude pilotless plane named the Changkong No 1 has won first prize from the state. They succeeded in changing a military plane into a high-altitude, high-velocity pilotless target drone, and won the first award from the Army for this scientific achievement.

Defense Industries Overfulfill Annual Plans
OW0101163189 Beijing Domestic Service
 in Mandarin 2230 GMT 30 Dec 88

[From the "National Hookup" program]

[Text] An encouraging trend has appeared in the production of the scientific and technological industry for national defense. As of the end of November, the gross output value of the nuclear, aeronautics, arms, and astronautics industries had overfulfilled their annual plans. Among them, the output value of products for civilian use had exceeded that of military products.

New People's Armed Police Rank, Title System
HK0301145989 Beijing RENMIN RIBAO
 in Chinese 26 Dec 88 p 4

[XINHUA report: "Specific Regulations Concerning the Rank and Title System of the Chinese People's Armed Police"]

[Text] The Chinese People's Armed Police is a component of the state's armed forces, discharging public security duties, following the system that combines compulsory military service and voluntary military service, and observing PLA rules and regulations. To strengthen the building of the Chinese people's armed police units

on a revolutionary, modern, and standard basis; make the command and control of such units easier; strengthen unity; and increase combat power relevant measures have been specially drawn up in accordance with Article 32 of the "Regulations Governing the Military Ranks and Titles of the Chinese PLA" adopted and promulgated at the second meeting of the standing committee of the 7th NPC, and in light of the features of the armed police.

1. The titles of police officers of the Chinese People's Armed Police show their ranks and their identity, representing honors bestowed by the state.

2. The titles of active duty police officers of the Chinese People's Armed Police are based on the "Regulations Governing the Military Ranks and Titles of the Chinese PLA," Article 7, Chapter II.

Prefixed to the title for an officer is the wording "wujing" [armed police 2976 6226]. For an officer specialized in a technical field, there is the prefix "wujing zhuanye jishu" [armed police special technique 2976 6226 1413 2814 2111 2611.]

3. Active duty officers of the Chinese People's Armed Police are given titles based on their ranks in office:

a) armed police commander and political commissar: from lieutenant general to major general;

b) armed police deputy commander and deputy political commissar: from lieutenant general to da xiao [1129 2699];

c) Titles for officers below the rank of a chief officer at the army group level are based on the "Regulations Governing the Military Ranks and Titles of the Chinese PLA," Article 11, Chapter III.

4. Police officers on active duty in the units listed below, who are within the scope of officers on active duty assessed and awarded military ranks and titles in keeping with stipulations by the Central Military Commission, are assessed and awarded police titles:

a) the general headquarters, general brigades [zongdui 4920 7130], and schools and institutes of the Chinese People's Armed Police;

b) armed police border units, fire-fighting units, and guard units;

c) armed police water and electricity control headquarters, gold control headquarters, traffic control headquarters and units under them, and armed forest police general brigades.

5. The fundamental principles and standards for awarding titles to police officers on active duty are based on the relevant stipulations of the Central Military Commission.

6. Limits on the authority to approve the award for the first time of titles for police officers on active duty:

a) The titles of lieutenant general, major general, da xiao, and colonel awarded with the approval of the premier of the State Council and the chairman of the Central Military Commission;

b) The titles of lieutenant colonel and major awarded with the approval of the minister of public security, or the first political commissar, the commander, or the political commissar of the Chinese People's Armed Police;

c) The titles of captain, first lieutenant and second lieutenant awarded by directors of the public security departments (bureaus) of provinces, autonomous regions and municipalities directly under the central authorities, the first political commissar of the general brigade, the general brigade head, or the political commissar of the Chinese People's Armed Police, or the chiefs of units at army group and division levels who have the power to appoint and dismiss police officers.

7. Limits of authority to approve promotion of police officers on active duty:

a) promotion to be the armed police commander, political commissar, deputy commander, deputy political commissar, and chief police officer at the army group level must be approved by the premier of the State Council and the chairman of the Central Commission;

b) promotion to be a police officer below the rank of a deputy chief officer at the army group level must be approved in keeping with the limits of authority to appoint and dismiss police officers on active duty. But promotions to the following police officer positions must be approved in accordance with the following stipulations:

Promotion from a police officer in the rank of a deputy chief officer at the army group level or in the rank of a chief at the division level and from a police officer carrying out advanced technical duties in a specialized field to be major general must be approved by the premier of the State Council and the chairman of the Central Military Commission.

Promotion from a police officer in the rank of a deputy chief officer at the division level and from a police officer carrying out advanced technical duties in a specialized field to be da xiao must be approved by the minister of public security.

Promotion from a police officer in the rank of a chief officer at the regiment level and from a police officer carrying out middle-grade technical duties in a specialized field to be colonel must be approved by the first political commissar, the commander, or the political commissar of the Chinese People's Armed Police.

Promotion from a police officer in the rank of a chief officer at the battalion level to be lieutenant colonel and promotion from a police officer in the rank of a deputy chief officer at the battalion level and from a police officer carrying out elementary technical duties in a specialized field to be major must be approved by directors of departments (bureaus) of public security of provinces, autonomous regions, and municipalities directly under the central authorities, the first political commissar of the general brigade, the general brigade head, or the political commissar of the Chinese People's Armed Police, or chief officers of units at the army group and division levels that have the power to appoint and dismiss police officers.

8. The demotion of police officers on active duty, and the abolition and forfeiture of their titles must be based on the "Regulations Governing the Military Ranks and Titles of the Chinese PLA," Chapter VI.

9. The ceremony to bestow titles on police officers on active duty will be held simultaneously with the announcement of the order to award titles. Such a ceremony must be organized by the Armed Police Headquarters, with the leading comrades of the State Council and the Central Military Commission, or the relevant comrades appointed by the State Council and the Central Military Commission showing up to hand out the awards. The ceremony to award the titles of field officers and junior officers is to be organized by organs, general brigades and detachments (zhi dui 2388 7130) of the Chinese People's Armed Police, and other units at the army group and division levels in light of actual conditions.

10. Epaulets and insignia related to the titles of officers of the Chinese People's Armed Police and the ways of wearing them are to be promulgated by the State Council and the Central Military Commission.

11. All matters not specified in the above various articles will be carried out on the basis of the relevant stipulations in the "Regulations Governing the Military Ranks and Titles of the Chinese PLA."

12. While practicing the police rank and title system, the Chinese People's Armed Police will introduce the civil service system in accordance with the "Tentative Regulations Governing the Civil Service Cadres of the Chinese PLA." The reassignment of some police officers on active duty as civil service cadres will be organized by the Armed Police headquarters in light of actual conditions.

13. For the rank-and-file soldiers of the Chinese People's Armed Police, the system of the soldier-police title system will be introduced in line with the "Regulations Governing Active Duty Soldiers of the Chinese PLA." There should be a distinction between police soldiers and PLA soldiers. Those awarded the title of shiguan [soldier-officer 1102 1351] should instead be named "jingshi chang" [police heads 6226 1102 7022], "zhuan ye jingshi" (specialized police 1413 2814 6226 1102), and "jingshi." The police title for soldiers should have the prefix of "wujing" [armed police 2976 6226]. The police titles and ranks for all other soldiers are the same as the military titles and ranks of PLA soldiers.

The soldier-police title system of the Chinese People's Armed Police is to be organized and introduced by the Armed Police Headquarters.

Ministry Chooses Functionaries by Examination
OW0201152089 Beijing XINHUA in English
1034 GMT 2 Jan 89

[Text] Beijing, January 2 (XINHUA)—The Ministry of Civil Affairs has recently employed 30 functionaries from 892 applicants through examinations, serving as a trail blazer in the personnel system reform.

A spokesman from the ministry said that the 30 newly employed functionaries were selected for their good performances in written examinations and interviews.

A total of 892 college graduates had applied for employment in the ministry since the ministry advertised for functionaries on November 5 last year.

Most of the applicants were those whose current jobs did not fit what they had learned and those who wanted a move owing to various reasons, the spokesman explained.

One applicant from a company was quoted as saying that his income would be two thirds less if he was employed in the ministry. But, he added, he liked the stimulation by working in a ministry.

The spokesman said the competitive cadre selection system has made the ministry have more candidates to choose and paved way for the implementation of public servant system.

However, the spokesman pointed out, the system needs to be improved since examinations can not fully indicate one's professional capability.

Su Shaozhi Views on Role of Theories in Reform
HK0401004089 Hong Kong WEN WEI PO in Chinese
 28 Dec 88 p 4

["Special Interview" by Ho Ching-lien (0149 3237 3353): "Reforms Should be Based on Theories—An Interview With Professor Su Shaozhi Third and Last Part"]

[Text] Ho: When the economies of the United States and Japan took off, they underwent a period of corruption. Therefore, some people say the corrupt phenomena facing us are inevitable. Do you think there is any truth to the argument?

The Question of Deformation in Reform

Su: In Britain I met Europeans who are engaged in the study of socialism and they could not clearly state what socialism was. I was asked about the question. In reply I said that socialism is a road of modernization different from capitalism. Then in what aspects is socialism different from capitalism? Vigorous efforts should be made to develop productive forces by absorbing capitalism's strong points and avoiding its weaknesses. This is necessary and possible. However, we are now confronted with the above-mentioned question of "deformation." As our economy has just taken off, we have already fixed our eyes on the consumption levels of developed countries. Postwar Germany and Russia underwent a period of difficulty during which there was not enough bread to eat and professors stole potatoes in canteens. With the passage of difficult times, capital was accumulated with hard work. If consumption is not contracted, it will be impossible to achieve economic recovery by exclusively relying on policies. Without capital, management, no matter how sound it is, will be of no use. If we addressed this issue the moment reform was launched, stressed 3 years of hard work, and refrained from propagating the idea of stimulating production with consumption, things would have been much better—consumption can stimulate production but in China's special economic conditions, in the consumption field, when supply has already fallen short of demand, the announcement of boosting consumption, building more hotels, and importing more color television sets will result in overheated consumption. It would be strange if prices did not rise. South Korea has produced color television sets for a long time but they are mainly exported. It wasn't until this year that the country had its own color television transmitting stations. South Korean Government officials do not smoke foreign cigarettes. Nor do they drive imported cars. When a meeting is held in the Great Hall of the People, more than 90 percent of the number of cars parking at the front gate are foreign-made. Moreover, they are limousines. High consumption in developed countries is backed by high output value. But China's capability to create value is open to doubt. In the final analysis, development takes hard work and thrift as well as austerity. In addition, many scholars who just returned

home from visiting China and whom I met in their countries talked to me about undesired phenomena in our society. According to the survey conducted by one of them, in China, corruption does not stay at a certain level and it spreads from the higher levels to the grass roots. If unchecked, it will pose a great danger to you. A West German friend said: Doing business with the Chinese requires long negotiations. Moreover, they do not act in good faith. These problems are really a headache. However, in the process of modernization, if socialism cannot avoid capitalism's weak points, why should we not discard it altogether?

Ho: Our country's reforms are devoid of any theoretical preparations. In other words, they are "theoretically lagging behind." Only intellectuals understand the current reforms. However, generated by the current price increases, there is heavy discontent among the masses. The intellectuals especially are faced with a crisis of survival. Some people have begun doubting the reforms. How can these unfavorable factors be eliminated?

"Groping for Stepping-Stones To Cross the River" Is Dangerous

Su: This is the problem that worries me most. The loss of intellectuals' support will pose a very great danger to the reforms and may even lead them to failure. In my opinion, the theoretical-lagging phenomenon is a matter of openness to public opinion. First, since people with different views are not allowed to fully contend with one another, a fairly complete theory has never been formed through contention. Second, our concrete implementation measures are worked out by our leaders by patting their heads. Therefore, combination of theory and practice is out of the question. Overall, our reforms lack adequate theoretical preparations. Without a theoretical basis and a reform orientation, the advocacy of "groping for stepping-stones to cross the river" will indeed not work. Many foreign journalists told me: Your country has always repeated the saying of groping for stepping-stones to cross the river. This may induce danger. If you cross a small river, that may be all right but your reforms are a big river and you have now reached the Zhang Jiang. How can you manage to grope for stepping-stones in such a big river? Therefore, overall, there must be a theoretical basis and a long-term plan.

Ho: Now some people have put forth the idea of "making Shenzhen like Hong Kong, Guangdong like Shenzhen, the whole nation like Guangdong, and Hainan like Taiwan." As you have just visited Hong Kong, what is the widest gap between Hong Kong and Shenzhen as you see it?

We Should Learn From Hong Kong's Strong Points

Su: The widest gap between Hong Kong and Shenzhen is that the former is a society ruled by law. The moment I arrived at Shenzhen, I felt that Shenzhen was somewhat like Hong Kong before liberation. Subsequently after

attending some activities, I felt that it was like the paradise of adventurers. My friends doing business here also admitted this point. A Briton told me: If you want to see capitalism, you must go to Hong Kong instead of Britain, which has now become a little socialist. Nevertheless, Hong Kong has a lot of strong points from which we must learn, such as urban administration, social order, welfare facilities for the people, in particular, a complete legal system and administrative structure. What I fear most is that we will just learn from its weak instead of strong points. To put it another way, if we just learn from capitalism's weak points and discard its strong points, ours will become a country full of socialism's weak points and devoid of its strong points, a country where the weak points of the two systems meet. If so, that will be bad. This is the case with Yugoslavia. It is currently in a wretched state. Now the world community believes that the hope of socialist countries' reforms lies in China. Therefore, we must work hard. The key to political democratization lies in establishing a legal system. In this effort, first of all, our leaders must foster the sense of legal system. Since ours is a country of peasantry, which rejects democracy and legal system in nature, there are still many difficulties to overcome in establishing a legal system. However, we must have confidence. From a long-term point of view, the establishment of a legal system must be combined with the improvement of the nation's quality. Therefore, we should approach education as a matter of fundamental importance and refrain from taking it lightly.

Economist Li Yining Fully Confident in Reform
HK0301115089 Beijing ZHONGGUO XINWEN SHE
in Chinese 0825 GMT 31 Dec 88

[Report by reporter Liu Chen (0491 2525): "I Am Still Fully Confident in the Reform in China—An Interview With Noted Economist Professor Li Yining"—ZHONGGUO XINWEN SHE headline]

[Text] Guangzhou, 31 Dec (ZHONGGUO XINWEN SHE)—Noted economist Professor Li Yining has been a noted figure in China's economic field during the reform over the past 10 years. Recently on his way to Hong Kong to give lectures, he stayed in Guangzhou for several days. In the editorial department of GUANGZHOU YANJIU, this reporter saw him having a discussion with representatives of entrepreneurs in Guangzhou.

During an interview, Professor Li told me that he would give lectures in Hong Kong at the invitation of Professor Cheng Wu-chang of the University of Hong Kong, and that the topic of his lecture would be "Economic Reform in China and the Strategy for Economic Development." He said: At present, decisionmaking departments and research departments are unable to agree on what is right with regard to the theory on economic reform. He only wanted to talk about the results of his studies and his views.

Li Yining has always maintained that reform in China should be focused on enterprise reform. In the current enterprise reform, the key problem facing China is to change the enterprise contract system into a shareholding system. He stressed that the limitations of the contract system have been increasingly revealed. Establishing the shareholding system with Chinese characteristics and the relevant management systems is the direction of reform in China.

At present, Beijing, Shanghai, Shenyang, Guangzhou, and so on, are actively exploring the shareholding system, and discussions in the theoretical field are also very active. I asked: Does this mean that the shareholding system has mounted the economic stage on the mainland? When I asked this question, Professor Li muttered to himself for a while. After that, he said: Whether the shareholding system is suitable for China is a problem that has not yet been completely solved. Not long ago, some people said that the contract system goes against the constitution. At present, the enterprise shareholding system has been initially developed. But it is still far from satisfying the demand of standardization, generalization, and worldwide application of the system. However, once it has been started, it stands a very good chance of success. He believes that it is absolutely necessary to implement a standardized shareholding system for the sake of deepening the economic reform.

Li Yining continued: In essence, the implementation of the shareholding system in China will not change the system of public ownership, because the shares possessed by the state and enterprises will still play a dominant role. The number of shares possessed by people in society as a whole, workers, and staff members are scattered and limited. Individual shareholders can never play a dominant role. He maintained that the broad masses of workers must eventually become shareholders of their joint-stock enterprises.

Professor Li is very familiar with the various economic theories in the West. However, he told me that at present he has attached more importance to practical conditions in China than at any time in the past. In a speech delivered at a theoretical discussion to mark the 10th anniversary of the 3d Plenary Session of the 11th CPC Central Committee, he said that while carrying out economic reform, efforts must be made to develop a new cultural concept that corresponds with the socialist commodity economy, because reform conflicts with the old culture, which has existed for several thousand years. Judging things in this way, one realizes that the achievements of the reform over the past 10 years are amazing.

During the interview, very often he smiled shrewdly. He stressed that economists are not omnipotent. There is no best plan in economics. When doing things in China today, we should advance step by step. However, we are not allowed to stop our work.

Professor Li took the shareholding system as an example. He said: At present people hold divergent views on it. At the beginning, we should not set too high a demand on it. Otherwise, we will put too heavy pressure on it. This will affect the progress of the shareholding system.

In conclusion, Professor Li told me: "I am still full of confidence in our economic reform, no matter what people think of me and the current situation of the reform." He expressed the hope that people would read his book entitled "Ideas on the Economic Structural Reform in China," which will be published soon.

Official Discusses Individual, Private Economy
HK0401013389 Beijing RENMIN RIBAO
in Chinese 29 Dec 88 p 2

[Report: "Official of the Individual Economy Department of the State Administration for Industry and Commerce Says Policy for Individual and Private Economy Will Remain Unchanged in Improving the Economic Environment"]

[Text] According to a report of the NONGMIN RIBAO, some people thought recently that improvement of the economic environment and rectification of the economic order are a change in the party's policy for individual and private economy. Such doubts and worries are groundless. Rectification of the order of the market is a rectification of illegal business operations. Its aim is to promote the deepening of reforms in order to create a good environment for development of the individual and private economy. It has nothing to do with policy changes at all. The above was said by a responsible person of the Individual Economy Department of the State Administration for Industry and Commerce to this reporter recently.

This responsible person said: Individual and private economy is a component of the national economy. Our country has a vast territory and a large population. The existing individual and private economic sector, whether in the number of households or people engaging in the economy, is far from able to cope with the needs for production and subsistence. All places should, in a planned way, conduct overall planning for themselves according to the actual needs for local production and subsistence, and develop whatever industries are necessary. The relevant government departments should provide conditions to encourage and support the development of individual and private economy.

This responsible person pointed out that the individual and private economy has made many contributions to our economic prosperity in the past few years. However, the individual and private economy also has a number of problems: first, some individual commercial households collaborate with speculators in the bureaucracy, illegally buy up means of production and subsistence in short supply, engage in speculation and profiteering, illegally conduct business operations, and seriously disturb and

disrupt the order of the market. Second, some people do not follow the price policy, and raise or force up prices arbitrarily. Third, some people evade taxation. Fourth, some retailing commercial households sell poor quality goods in inadequate amounts. Such practices infringe on the interests of consumers. Fifth, some provide poor services, buy or sell goods by force, or bully around the market and adopt fraudulent practices. The above problems are unfavorable to the stabilization of market order. The masses have responded very strongly to these problems.

The management departments for industry and commerce in all places must coordinate with the relevant local departments to solve the above problems when improving the economic environment and rectifying the order of the market. The party's policy is to protect legal operation of the individual and private economy. We should resolutely strike lawbreakers engaging in illegal business operations and punish them according to the law.

Policy Remains Unchanged
HK0201145089 Beijing ZHONGGUO XINWEN SHE
in Chinese 0822 GMT 29 Dec 88

[“Policy Toward Individual and Private Economies in China Will Remain Unchanged in the Course of Economic Readjustments”—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 29 Dec (ZHONGGUO XINWEN SHE)—The Individual and Private Economy Department of the State Administration for Industry and Commerce recently indicated that in the course of improving the economic environment and rectifying the economic order, the state policy toward the individual and private economies will not change.

A responsible official of this department said: The number of individual and private economic entities and the number of people employed in this economic sector are still far from meeting the needs in production and people's daily lives. The relevant government departments will continue to provide convenient conditions for and continue to support and encourage the development of the individual and private economies.

However, there are still many problems in the individual and private economies. For example, some individual traders have colluded with official profiteers in illegally cornering the market and reselling production and livelihood materials in serious short supply in order to reap staggering profits; some people have not observed the price policy and raised prices recklessly and illegally; some people have evaded taxes; and some people have committed fraud in commercial activities, sold goods by giving short measure, and bought or sold goods in a coercive manner.

All these problems will be solved in the course of economic rectification. This official said: The government will protect the legitimate business activities of the individual and private economic entities, but will also take resolute legal action against traders engaged in illicit business activities.

Vice Minister Stresses Checking Inflation

HK0401121289 Beijing ZHONGGUO XINWEN SHE
in Chinese 0902 GMT 4 Dec 88

["Gao Shangquan Says Pressing Task of China's Reform Is To Check Inflation"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 4 Jan (ZHONGGUO XINWEN SHE)—China's pressing task for the moment is to check inflation, because the country is at a crucial stage of all-around, in-depth development of the reform, said Gao Shangquan, vice minister of the State Commission for Restructuring the Economic System.

Gao Shangquan expressed the belief that the reform over the past 10 years has managed to abolish the old structure and helped to display the vitality of the new structure. One must be fully aware of the nature of the reform as a gradual and complicated process, correctly handle the relationship between economic stability and development during the reform, and carry out the reform in depth, with the stress placed on the enterprise reform as the core, he said.

During the past 10 years of reform China has achieved marvelous success and has taken an important step toward the establishment of a planned commodity economy.

—The enterprise, which used to be subordinate to government departments, is now turning to be subordinate to commodity producers and dealers.

—A market system for the socialist commodity economy is gradually taking shape.

—A new mechanism has been put into operation, under which "the state is to regulate the market and the market is to guide the operation of enterprises."

—The once closed and semiclosed national economy is turning into an open economy.

However, Gao Shangquan pointed out on the same occasion that China has also encountered many difficulties and drawn quite a few lessons from the reform. One of the conspicuous problems is the remarkable inflation resulting from the failure to keep down evergrowing investment and consumption. Over the past 10 years of reform China has never found any way leading to the benign development of the economic structure, instead it has been trapped in a vicious circle of "inflation-deflation-stagnation-relaxation-inflation."

Talking about the prospects for reform and the present tasks, Gao Shangquan noted that the situation is serious as China is faced with an imbalance between revenues and expenditures in the fields of finance, credit, and foreign exchange earning; the aggregate demand has far exceeded the aggregate supply; agriculture is lagging behind other sectors; and it is difficult to keep price hikes under control. Such being the case, checking inflation is a real difficulty.

Gao Shangquan depicted the current reform with four words: improvement, rectification, readjustment, and reform [zhi li zheng dun tiao zheng gai ge 3112 3810 2419 7319 6148 2419 2395 7245]. As the main target of the operation of improving the economic environment is to restrain inflation and check price hikes, it is necessary to raise interest rates, stabilize savings, reduce current purchasing demand, curtail the scale of credit extension, reform the financial and monetary structure, increase supply, and readjust the economic structure.

The price reform is the issue that the public is most concerned about. Gao Shangquan stated that one cannot possibly achieve real success in the reform without launching a price reform and straightening out the price relations. However, as the price reform involves great difficulties and risks, one must take the socio-economic environment into account when introducing this reform and must launch other supporting reforms along with it.

Gao Shangquan disclosed in a signed article published today [publication not specified] that the department concerned did work out in 1986 a plan that took the price reform as the key link and incorporated supporting package reforms in the fields of taxation, finance, and banking. That plan was later shelved due to changes in the economic environment. The preliminary plan for the price and wage reforms approved last summer has been slowed down for a similar reason. Gao Shangquan noted that the price reform should only be carried out appropriately and safely within the capacity of the community to withstand it.

State Council Approves Institutional Buying Curb

OW0301212989 Beijing XINHUA in English
1516 GMT 2 Jan 89

[Text] Beijing, January 3 (XINHUA)—A leading group for curbing institutional purchasing has ordered a strict control on the sale of cotton-made products, knitware and printing paper to government institutions as from January 1 this year in addition to other major commodities listed earlier.

The decision had been approved by the State Council, China's highest governing body.

At the same time, the group specified the earlier control list as including teletypewriters, teleprinters, down-padded garments and quilts, silk products, clocks and wrist watches, among other things.

The effort to curb institutional buying is aimed at checking the growth of social consumption demand which is now far beyond the ability to supply.

SEZ's To Pay Higher Taxes on Foreign Earnings
*HK0301042389 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST)
in English 3 Jan 89 p 1*

[By Cheung Lai-kuen]

[Text] China's four special economic zones (SEZs) yesterday began paying 20 percent of the foreign currency earned from trading activities to the central government.

The SEZs stand to lose hundreds of millions of dollars in hard currency to the central government.

The move will also reduce the advantages the zones once held over competing regions.

With the new policy, the SEZs must now pay the same amount of foreign currency earnings to Beijing as the economic open cities.

That reduces the advantages of the SEZs over these cities to the point that there is not much that is "special" about the special economic zones.

The few advantages the SEZs can now claim are a number of regulations that make their investment environment somewhat more liberal than that offered in the open cities.

Aside from gaining Beijing extra foreign cash, the move is also a way to curb the country's overheating economy and a means of cracking down on profiteers and speculators who can use foreign currency to drive up prices above local market rates.

The new policy does not affect foreign investment in the SEZs. Joint ventures and wholly owned foreign enterprises, processing and assembling, electronics and machinery manufacturing projects are excluded from the new foreign currency policy.

Foreign currency earned through these activities would be 100 percent retained, said Li Guangzhen, vice-mayor of Shenzhen.

Prior to the new policy, the SEZs—Shantou, Shenzhen, Zhuhai and Xiamen—had to pay nothing to foreign currency to Beijing, while other provinces and cities paid 20 percent of foreign currency earnings in order to support the country's development.

The result was that profiteers and speculators became active in the zones, using the high-demand foreign currency to buy "cheap" yuan on the black market, and using the money to buy products from other provinces or cities.

The problem stemmed from the fact that the rate of foreign currency on the black market was far higher than the official rate.

Suppliers were keen to sell scarce products and materials to SEZ companies—which were relatively flush with foreign cash—because of the higher prices they could pay.

On the other hand, government import and export corporations—paying with yuan gained from straight trading or official-rate foreign exchange—found it increasingly difficult to purchase these goods because companies using profits gained from foreign currency outbid them.

Officials in non-SEZ provinces complained that some production enterprises in the zones stopped manufacturing and centred on speculation because speculation earned them more money.

They argued that the 20 percent regulation would reduce what was seen as "unfair" competition for products by the special economic zones.

In addition, the move was seen as a way to help stabilise the price of China-made products.

Commenting on the move, Wu Bo, the vice-mayor of Shantou Municipality and director of administration for the zone, said in Hong Kong that the policies would affect the economic development of Shantou, but not dramatically.

He said Shantou had taken steps to cope with the new policies and to maintain the zone as an attractive place for business.

Processing and assembling projects represent the majority of offshore investments in Shantou. Only one trading licence has been issued to Hong Kong investors.

The Shantou administration has been active in encouraging trading firms to change to manufacturing using profits earned in the past six years, Mr Wu said.

Most trading firms in Shantou had profited because of the SEZ designation, he added.

The administration would consider cooperating with investors to create production facilities, especially for value-added products using raw materials, Mr Wu added.

Because of the new policy, Shantou would control the operations of trading firms, he said.

Ministry Experiments With New Taxation Practice
OW3112144888 Beijing XINHUA Domestic Service
in Chinese 1311 GMT 26 Dec 88

["Local Broadcast News Service"; by reporter Ding Jianming]

[Text] Beijing, 26 Dec (XINHUA)—The Ministry of Finance recently announced that the state will experiment with a reform by separating tax payment and profit delivery at state enterprises in selected provinces and municipalities [shi 1579] in 1989.

The so-called separation of tax payment and profit delivery means that the state enterprises will deliver to the state treasury some of their profits in the form of both income tax payment and profit delivery, and retain the rest of the profits; while the present practice is paying the income tax and the regulatory tax.

It is reported that the Finance Ministry's preliminary reform plan for separation of tax payment and profit delivery at state enterprises has the following main contents:

—The plan calls for lowering the income tax rate, and at the same time, improving tax collection management, acting according to law, levying taxes according to tax rates, abolishing the practice of paying fixed amount of tax by contract, and strictly control tax reductions and exemptions.

—The plan calls for revoking the provisions permitting enterprises to spend before-tax profits on repaying loans for fixed assets investment and to retain before-tax profits as welfare funds and bonus funds for workers and staff members.

—The plan calls for revoking existing regulatory taxes, incorporating the amount of the regulatory taxes an enterprise should pay into its after-tax profits, and introducing the practice of contracting for after-tax profits.

—According to the plan, joint-stock enterprises should distribute their after-tax profits in the following order: retention of production development funds, retention of reserve funds, retention of welfare funds and award funds for workers and staff members, and distribution of dividends among shareholders.

—According to the plan, a small number of enterprises practicing various "contract systems" with the approval of the State Council or the joint approval of the Ministry of Finance and the former State Economic Commission may continue the contract systems, and they shall switch into the unified practice after those contracts expire.

Rumor on Tax Shelters Dismissed
OW3112055888 Beijing Domestic Service
in Mandarin 1030 GMT 26 Dec 88

[From the "National Hookup" program]

[Text] Recently, a rumor has been circulating that the state will terminate preferential tax treatment for welfare institutions, causing anxiety among some comrades, especially the disabled. In this connection, our station reporter interviewed a senior official of the State Administration of Taxation.

The official said: The rumor about termination of preferential tax treatment for welfare institutions is entirely groundless. The policy of granting preferential treatment in income tax to welfare institutions, which has been in force since the 1950's, has played an important role in guaranteeing the disabled's rights to work and live. According to incomplete statistics, as of the end of 1987, there were some 27,000 welfare institutions of all kinds in China, which provided jobs for some 430,000 disabled people, and the employment rate of the disabled in urban areas had exceeded 70 percent.

The official said: In the course of rectifying the order and deepening the reform in all fields, it is necessary to make certain readjustments to the taxable income of sham welfare institutions and those fabricating employment statistics of the disabled for tax purposes, while the preferential tax treatment for genuine welfare institutions will continue in effect so as to provide more job opportunities for the disabled.

State Expects More Tax Revenue in 1989
OW0401131689 Beijing XINHUA in English
0908 GMT 4 Jan 89

[Text] Beijing, January 4 (XINHUA)—The state expects to collect 250 billion yuan in taxes in 1989, 20 billion yuan more than the 1988 figure, said a top tax official.

According to Jing Xing, director of the State Taxation Administration, over 95 percent of the state revenue comes from taxes.

He told the FINANCIAL TIMES today that the local tax bureaus "fulfilled the state tax-collection plan" last year but he did not give details.

However, he did make the point that the taxes dodged last year accounted for dozens of billions of yuan.

This is because businesses took advantage of the loopholes in the country's tax policy, he said.

The state stipulates, for example, that if a business employs "a certain number" of handicapped people it is exempt from taxes, Jing said, adding that some businesses cheated the country by claiming to employ non-existent handicapped people.

He said that tax evasion by show business people constitutes "another serious problem."

International Cooperation Secured for Reform

HK0401012189 Beijing XINHUA Hong Kong
Service in Chinese 1245 GMT 28 Dec 88

[Report by Yang Zidi (2799 1311 6611): "China Has Well-Secured International Cooperation in Its Economic Structural Reform"]

[Text] Beijing, 28 Dec (XINHUA)—China's economic structural reform, which has attracted worldwide attention, has secured more and more international cooperation. Just this year, the State Commission for Restructuring the Economic System has received some 400 visiting foreign delegations, and groups, and it has altogether received approximately 1,500 visits.

An official from the State Commission for Restructuring the Economic System told XINHUA reporters in an interview held a few days ago that to strengthen international cooperation and contact, to learn from international experience, and to have mutual exchanges are great tasks and work in China's structural reform. Therefore, the State Commission for Restructuring the Economic System has set up a "foreign economic system department," which is specially engaged in the work of studying and comparing international economic systems. He said: "Foreign countries are becoming more and more interested in China's structural reform. The situation of China's international contact has also been developed from that in the early 1980's whereby China had attached particular attention to the Soviet Union and Eastern European countries to the present situation whereby China has omni-directional cooperation and exchange with the Soviet Union, East Europe, and the West, as well as the Third World."

International cooperation and exchange in China's economic structural reform began in 1982. At that time, China convened an international seminar at Mougan Mountain, which is close to Hangzhou, and the topic for discussion was the study of reform in the Soviet Union and East Europe. However, due to the important influences brought about by the large-scale international seminar organized by the Society of China's Structural Reform, the Academy of Social Sciences of China, and the World Bank in 1985, it has been taken as the new starting point.

The international seminar held on the "Bashan" ship sailing along the Changjiang discussed questions of macroeconomic management. Famous Chinese and foreign scholars, including famous Chinese economist Xue Muqiao, U.S. economist and Nobel Prize winner James Tobin, and others attended. Zhao Ziyang met with the foreign experts before the meeting and listened to their opinions.

Every year since 1986, China has held or sent people to attend international seminars. Chinese officials, experts, and scholars have exchanged views with and learned from foreign economists, government officials, and entrepreneurs in these seminars.

At the same time, the State Commission for Restructuring the Economic System has also invited foreign experts and scholars to China to seek advice from them on specific and practical questions on structural reform.

Over the past 3 years the realm covered by various seminars and consultation meetings has included: financial structural reform; enterprise mechanism reform; scientific and technological structural reform; price reform; regulation and control [tiao kong 6148 2235] on consumption funds; regulation and control [tiao kong 6148 2235] on fixed assets investment; improving the inflation problem; and other areas. Experts from the World Bank, the United States, the Federal Republic of Germany, Japan, Britain, Hungary, France, Italy, Switzerland, Holland, Belgium, and the United Nations have taken part in these seminars and consultation meetings.

This official said the United Nations has given strong support to international cooperation and exchange in China's structural reform. The United Nations Development Program has specially allocated funds for assisting China in carrying out activities in this aspect; and the World Bank has provided information and personnel and organized aid for these activities.

This official also revealed that in recent years China has been sending people abroad to introduce to foreign countries China's reform experience and to investigate, research, and study. In about 30 countries and areas in Europe, Asia, America, Oceania, and Africa there are footprints left by these people.

Conditions To Improve

OW0201201989 Beijing XINHUA in English
1453 GMT 2 Jan 89

[Text] Beijing, January 2 (XINHUA)—China will offer more favorable conditions for cooperation between China's medium-sized and small enterprises and foreign businesses in 1989.

Addressing a recent meeting, Sheng Shuren, vice-minister of the State Planning Commission, said regulations on Sino-foreign cooperation in the sector will be worked out, and priority will be given to the improvement of the economic structure and the production of export projects, the OVERSEAS EDITION of the "PEOPLE'S DAILY" reported today.

According to Sheng, some 1.18 million or 99.76 percent of the 1.2 million industrial enterprises across the country are medium-sized and small enterprises, and their combined industrial output value reached 946 billion yuan last year, accounting for 68.5 percent of the total.

In the nine years before 1987, China introduced more than 18,000 items of technology and equipment from abroad and signed over 30,000 contracts, Sheng said, adding that most of them involved medium-sized and small enterprises.

Foreign Capital Absorbed Shows Increase for 1988
HK3012145988 Beijing ZHONGGUO XINWEN SHE
in Chinese 0844 GMT 26 Dec 88

[Report by Dai Yaping (2071 0068 1627): "More Foreign Capital Absorbed by China in the Year of the Dragon Than in the Previous Years"]

[Text] Beijing, 26 Dec (ZHONGGUO XINWEN SHE)—While implementing the policy of retrenchment in economic affairs, China has not ceased its efforts to absorb foreign capital. By the end of November, a total of 4,805 foreign-funded enterprises had been approved by the Chinese authorities. This figure was higher than any of the previous years.

It was much higher than the figure of last year, which was only 2,230. To date, the number of foreign-funded enterprises approved by the Chinese authorities has reached 14,813.

In the past 11 months, the amount of foreign investment in China according to agreement reached \$4.025 billion, and the actual investment was \$2.127 billion. The accumulated total of foreign investment according to agreement in the past decade reached \$25.985 billion, and the actual investment was \$10.6 billion.

The speed with which foreign capital is entering China has always been regarded as the barometer of China's policy of opening up to the outside world. Sources here held that apart from "leaving one side of the net open" for foreign enterprises while reducing the number of capital construction projects, the reason China has achieved substantial progress in absorbing foreign capital is that a series of new measures have been adopted this year to improve the investment environment for foreign capital.

The new measures include the extension of the coastal economic open areas announced at the beginning of this year. As a result, the number of coastal open cities and counties increased from the original 144 to 291. The newly extended area was as large as that of the open cities and counties in the previous 9 years.

Hainan Province was established and became China's largest special economic zone. More preferential policies have been adopted by this province than by Shenzhen, Zhuhai, Shantou, and Xiamen, the four special economic zones established earlier.

Meanwhile, a series of new preferential policies for foreign-funded enterprises have been implemented in the coastal economic open areas. The income tax on foreign-funded technology-intensive and knowledge-intensive productive projects, the projects with a foreign investment over \$30 million, which can be recovered in a considerably long period of time, or the projects concerning communications and energy construction can be reduced to 15 percent with the approval of relevant authorities. For foreign-funded enterprises in machinery, electronics, metallurgy, and 12 other trades, their income tax can be levied with a 20 percent discount.

In 16 provinces and cities, including Guangdong, Hainan, Beijing, and Shenzhen, the power for examination and approval of import of foreign capital has been further delegated to the lower levels. The projects with an investment under \$30 million can be approved by the provincial and city authorities. Since the beginning of this year, more than 90 foreign exchange accommodation centers have been established in various areas, which make foreign exchange convenient for the enterprises.

Of the foreign investment in China, the investment by the United States ranks first, while that of Japan is ranked third. The frequent economic contacts and exchange between China and the United States and between China and Japan have created the current atmosphere. People have noticed that during the past year, an increasing number of economic and trade talks and seminars were held among these countries.

There is no denying that the policy of retrenchment that China is now implementing will affect the import of foreign capital to a certain extent, but after improving the economic environment, as we may be able to get commodity prices under control and satisfy the demand on raw materials and energy, the foreign-funded enterprises will thus benefit from it. Will foreign capital continue to enter China next year as in the previous years? Perhaps we can get an answer to this question from a series of speeches made by the Chinese leaders recently and the figures of foreign capital entering China this year.

1988 Trade Statistics, Deficit Reviewed
HK0201122689 Beijing CEI Database in English
2 Jan 89

[Text] Beijing (CEI)—Though China's total trade is expected to be approaching the 100 billion U.S. dollar mark at the end of the Year of the Dragon, the Year of the Snake will start with a rising trade deficit.

According to the most recently published statistics from the General Administration of Customs, China's imports and exports in the first 11 months of 1988 totalled 87.66 billion U.S. dollars, almost one-quarter up on the same period last year.

The customs statistics also show a trade deficit of 5.36 billion U.S. dollars, while exports rose 21 percent to 41.15 billion U.S. dollars.

Analysts attribute the deficit, which will be significantly up on 1987's trade deficit of 3.75 billion U.S. dollars, to drastic growth in imports since July, when the trade gap was a comparatively manageable 1.15 billion U.S. dollars.

On the import side, a number of significant items have increased dramatically. These include increases in imports of sugar (up 182 percent), cigarettes (up 50 percent), natural rubber (up 37 percent), timber (up 129 percent), paper pulp (up 51 percent), synthetic fiber (up 95 percent), wool (up 58 percent), fertilizers (up 68 percent), machine tools (up 22 percent), television kinescopes (up 160 percent) and processed oil (up 38 percent).

Compared with the same period in 1987, major decreases in exports were reported in crude oil (11 percent down), oil products (13 percent down), cotton yarn (8 percent down), cotton fiber (4 percent down), polyester-cotton fiber (3 percent down), frozen pork (36 percent down), canned pork (16 percent down) and peanuts (7 percent down).

Most of these changes on both sides of the account were caused by pressing domestic demand for food and raw materials, whose shortages became so acute that the government was prompted to actually raise export tariffs. Earlier last month, the Ministry of Foreign Economic Relations and Trade (MOFERT) extended its export-ban list to 10 key materials such as copper, nickel and aluminium. In addition, MOFERT also placed under licence control 171 minerals and other chemical or raw materials.

These measures, even though they may be effective in alleviating domestic shortages, are likely to hurt China's foreign exchange earnings, which are still heavily dependent on the export of primary goods.

Of the total unfavorable account in the period, 950 million U.S. dollars came from the import-export differentials of processing industries with supplied materials from overseas. Foreign investment companies accounted for 2.64 billion U.S. dollars with imported goods and equipment for their own production. These and other factors like overseas donations and aid are regarded here as non-trade deficit, thus explaining why customs figures show a deficit while MOFERT claims China's trade is still in surplus.

In 1988, the government initiated a series of reforms to relax central control over business deals and to provide trading companies or producers with more incentive for exports and more access to the competitive world market.

Also, the government has urged that greater priority be given to exports of machinery, electronic and other higher-valued exports to increase China's shares in the world high-tech market.

These measures yielded initial successes in the first half of 1988, when exports grew 26 percent against the 19 percent rise for imports. However, weakening government controls over imports after July, 1988 led to a renewed surge, which outgrew exports by a big margin.

A breakdown assessment of the customs figures also shows that China's deficit comes mainly from trading with the industrialized nations, which contrasts the surplus position China keeps with most developing countries. China now has 170 trade partners in the world and the biggest four are Hong Kong, European Economic Community, Japan and the United States.

Oil, Gas Production Activities Reported

Royalties To Encourage Investors
OW0201091789 Beijing XINHUA in English
0830 GMT 2 Jan 89

[Text] Beijing, January 2 (XINHUA)—The Chinese Government today announced a new rule on royalty rates for both Chinese and foreign investors exploiting China's offshore oil and gas resources.

Wang Bingqian, minister of finance, issued a decree on January 1 for enforcement of the rule in a bid to encourage Chinese and foreign investors.

A spokesman for the Ministry of Finance said the principle of the stipulation is that the state collects less fees on smaller oil and gas fields and more charges on larger ones.

The original royalty rate was 12.5 percent and usually made clear in contracts, he said.

Under the new rule, the minimum rate is four percent for those exceeding the annual output of 7.3-10.95 million bbl [barrels] of crude oil produced by a oilfield. The maximum is 12.5 percent for those exceeding the annual output of 11.3 million bbl.

It stipulates that the minimum rate for gas is one percent for those exceeding the annual output of 2-3.5 billion cubic meters for a gas field. The maximum is three percent for those exceeding the annual output of five billion cubic meters.

Investors will be exempted from fee charges if an oilfield produces only 7.3 million bbl of crude oil and a gas field produces only two billion cubic meters of gas a year, the spokesman added.

Actually, he predicted that upon the enforcement of the stipulation, the royalty rate will drop to zero if an oilfield has a reserve less than 36.5 million bbl of crude oil.

The spokesman said the actual rate is about two percent for an oilfield with a reserve of 36.5-146 million bbl of crude oil, 4-6 percent for an oilfield with a reserve of 219-365 million bbl, and about eight percent for an oilfield with a reserve of 730 million bbl, he added.

The spokesman said "Such royalty rates, lower than those of other countries, will be more attractive to Chinese and foreign investors."

As for oilfields jointly run by Chinese and foreigners, the cooperators will be responsible for the fee charges, he added.

It is learned that a dozen of offshore oil and gas fields have been discovered and some of them have already gone into operation.

Production Exceeds Quotas

OW0401142489 Beijing XINHUA in English
0710 GMT 4 Jan 89

[Text] Beijing, January 4 (XINHUA)—China produced 959 million barrels of crude oil and 13.9 billion cubic meters of gas in 1988, surpassing state targets for both, a spokesman from the China Oil and Gas Corporation announced today.

Despite disastrous floods, the Daqing oilfield, one of the largest in China, turned out 389 million barrels of crude oil last year—2.1 million barrels more than the planned quota.

Another major oilfield, at Liaohe, exceeded production quotas by about 1.4 million barrels last year, maintaining an annual growth rate of seven million barrels for five consecutive years, according to the spokesman.

Government Urges Coal Consumption To Save Oil
HK0301074289 Beijing CHINA DAILY in English
2 Jan 89 p 2

[By staff reporter]

[Text] The government is taking steps to save oil by persuading some of the country's industries to use coal instead.

The State Council wants its Financial Resources Office for the Replacement of Oil with Coal to save another million tons of oil over the coming decade.

By the end of 1988, it had saved the country a total of 12.8 million tons of oil by encouraging oil burning industries, mainly electricity generating stations, to use coal instead.

This has not only provided the country with more oil for export—thus enabling China to earn more foreign exchange—but has saved oil for other industries which are heavily dependent on it, said Lin Yusenm, deputy director of the office.

In 1980 alone, about 40 million tons of oil were burnt. This was considered a great waste of a valuable energy resource and so the following year the government set up the Financial Resources Office for the Replacement of Oil with Coal in a bid to save oil by using coal.

Its first target was to save a total of 20 million tons of oil by 1990. The oil thus saved can either be exported or sold at a negotiated price at home.

As there is a difference between the state-fixed price of oil and the price of the oil saved for export or sold at a negotiated price—a practice which is permitted by the State Council—the office each year can make a couple of billion yuan from the price differences. This money can then be used to subsidize local coal mines, encouraging them to produce more coal and invest in oil burning electricity generating stations, helping them to alter their systems so they use coal instead of oil.

About 95 percent of the money is invested in coal mines. Railways, power stations and ports. So far, the office has invested several billion yuan in 18 railways to improve the country's transportation network.

Through its work, the office has helped local coal mines produce 35 million tons more coal each year and added 5 million kilowatts of electricity generating ability to the country by updating old stations and setting up new ones.

✓ This year, the country's local mines are expected to produce a total of 525 million tons of coal, more than half the country's total. The remainder will be produced by coal mines directly owned by the Ministry of Energy Industry.

By 1990, the office will have added 4 million kilowatts more electricity generating ability to the country with its own funds, Lin said.

Beijing-Hangzhou Grand Canal Reconnected
HK0401021889 Beijing CHINA DAILY
in English 4 Jan 89 p 3

[By staff reporter Li Huahong and Gao Jinan]

[Text] Hangzhou—The Beijing Hangzhou Grand Canal was reconnected on Saturday with the Qiantang River that empties into the East China Sea.

The connection adds only seven kilometres to the 1,794-kilometre-long ancient water transport artery but the prospects of economic benefits are immeasurable, according to a project official.

The canal is now directly linked with five of the country's major rivers: the Yangtze, the Yellow, the Huaihe, Haihe and Qiantang.

The 70 million yuan project has extended inland water networks around Hangzhou by 400 kilometres and has doubled transport capacity in the area.

The project official said the ability to ship cargo directly from Genshan Port—the original end of the canal—to the Qiantang River will cut transportation costs by at least 15 million yuan a year.

In addition to the new channel, 11 highway and railway bridges were built and a 300 tonnage shiplock constructed; its water level is about three metres higher than the canal.

Shipments on the route are expected to begin from the middle of this month, the official said.

The Grand Canal is the longest in the world and was dug during the Sui Dynasty (581-618). It was once connected with the Qiantang River but the old channel became blocked by the buildup of sand over the years.

Shiplock

The new channel has a device to dispose of the sand within the shiplock. Constant dredging will be done outside the lock where the sand and mud build up easily.

The official added that the project can divert a certain amount of water from the river to alleviate serious pollution in the canal.

In a related development, a 620 million yuan renovation project of the canal from Xuzhou to Yangzhou, Jiangsu Province, about 404 kilometres, that began six years ago was completed at the end of December.

Renovation

That project involved improving the navigation route, constructing shiplocks, ports, bridges and communication facilities.

Ships of 1,000 tonnage now can navigate this stretch of the canal.

The projects should go a long way to alleviating coal transport on the already overburdened railway network, especially the Tongpu railway line, said an official from the Information Department under the Ministry of Communications.

He said about 10 million tons of coal can be shipped from the north to the eastern and southeastern parts of the country which are plagued by coal shortages.

The official said that further renovation work will be started from Xuzhou to Jinling in Shandong Province soon.

The projects will enhance delivery of water for industrial and residential use, irrigation and power plants, he added.

New Civilian Railway Lines Built by PLA Corps

OW0301134089 Beijing XINHUA in English
1243 GMT 3 Jan 89

[Text] Beijing, January 3 (XINHUA)—The Railway Engineering Corps of the People's Liberation Army (PLA) has built six railway lines and another 100 projects for civilian use in the last five years, according to today's "PEOPLE'S DAILY."

The corps, with 170,000 officers and men, was transferred to civilian work for the Railway Ministry in 1984.

Since then, they have been charged with the construction and technological upgrading of 15 railways, among which six were key state construction projects.

The corps is now working on another nine lines.

The corps also surfaces highways, and builds docks, airports and high buildings.

Section of Railway Line Electrification Completed

OW0201004989 Beijing Domestic Service
in Mandarin 1030 GMT 28 Dec 88

[From the "National Hookup" program]

[Text] The electrification of the Zhengzhou-Baoji section of the Longhai railway line, a key project of the State's Seventh 5-Year Plan, has been formally completed and opened to traffic today. The project utilizing yen loans was completed in 3 years and 3 months, more than 2 years ahead of schedule.

The Longhai railway line is China's transport artery traversing from the east to the west. The Baoji-Lanzhou section was electrified by 1984. The completion and operation of the Zhengzhou-Baoji section has extended the electrified section of the Longhai railway line to 1,187 kilometers, thus becoming China's longest electrified trunk line. The project will increase the annual transport capacity of the Zhengzhou-Baoji section from 20 million metric tons to over 40 million metric tons. It is of great significance for expediting the shipment of coal from Shanxi and Shaanxi to other areas, promoting east-west contacts, and establishing a bridge between the European and Asian continents.

The project was contracted through public bidding. The total investment in the project did not exceed estimated cost; rather, more than 20 million yuan was saved from it in spite of rising prices of various materials.

Chemical Industry Output Value Up 11.8 Percent
HK0301074489 Beijing CHINA DAILY
in English 2 Jan 89 p 2

[By staff reporter Zhang Yuan]

[Text] Business is booming in the country's chemical industry.

The industry was expected to have reached a production output value of 66.3 billion yuan for 1988, according to the Ministry of Chemical Industry.

This represents a 104.4 percent increase over its set target and an 11.8 percent increase over 1987.

All 15 kinds of major chemical products under the state plan—with the exception of farm chemicals—completed their production plan.

Production and sales of chemical fertilizer were prosperous.

It is estimated that the country produced 83.5 million tons of chemical fertilizer in 1988, 103.1 percent up on the original plan and a 3.1 percent increase over 1987.

China produced 2.87 million tons of caustic soda last year, 5.4 percent more than the previous year; 2.52 million tons of soda ash, up 8.8 percent; 10.97 million tons of sulphuric acid, up 14.6 percent; 774,000 tons of paint, up 6 percent; and 640,000 tons of polythene, up 10.7 percent.

Exports of chemical products brought \$1.5 billion to the state, up 25 percent over 1987.

But problems do exist. There are shortages of raw materials, fuel and energy and difficulties with transport. In the last quarter of 1988, many of the country's small chemical fertilizer plants were unable to operate at full speed and production began to slide nationwide.

But three soda ash plants, each with an annual production capacity of 600,000 tons, are due to go into operation this year.

Three new phosphorus ammonium factories in Nanjing, Dalian and Tongliang and several other projects are also due to start operating this year.

China expects to produce 85 million tons of chemical fertilizer and 200,000 tons of farm chemicals this year. Production of other chemical materials is also expected to increase.

Steel Production Expected To Rise 5.2 Percent
HK3112052688 Beijing CHINA DAILY in English
31 Dec 88 p 2

[By staff reporter Zhou Hongqi]

[Text] China's steel production can be expected to reach 59.2 millions this year, about 3 million tons or 5.2 percent more than last year.

The pre-tax profit of the metallurgical industry will increase by 10 percent to 10 billion yuan (about \$2.7 billion), according to Ministry of Metallurgical Industry official Li Xiaoguang.

But things will be very grim for the steel industry in the coming year due to poor transport conditions and shortages of raw materials and energy.

Li said that 58 million tons of steel had been produced by December 23, thus reaching the state-set target a week ahead of time.

"By the end of this year, the number is expected to surpass 59 million tons," Li said.

"Despite the shortages of raw material and energy and the poor transport conditions, this year's increase will hit 3 million tons. This means we will have achieved increases of 3 million tons for six years in succession since 1983," he continued.

The quality of steel is also improving. The amount of rolled steel produced which meets advanced international standards is expected to rise from last year's 8 million tons.

The consumption of energy per ton of steel is estimated to have decreased by 30 kilograms to 1.64 tons of standard coal this year, saving about 1.7 million tons of standard coal.

The growth rate of steel production has slowed as winter approaches and energy sources are in particularly short supply.

In the first nine months of 1988, China produced 44.5 million tons of steel, a 7.84 percent increase over the same period last year. By the end of November, the growth rate had dropped to 7.2 percent.

By the end of this year, the growth rate will be just 5.2 percent for the whole year.

The present stocks of raw materials and fuels used by the steel industry are at their lowest level since 1978.

The ministry asks its enterprises to strengthen management and lower the consumption of materials. Technological renovation is also an important way for the steel

industry to develop, since the supplies of raw materials and energy will not be eased and the transport conditions will still need improvement.

Number of People Living Below Poverty Decreases
HK3112053288 Beijing CHINA DAILY in English
31 Dec 88 p 1

[By staff reporter Gu Chengwen]

[Text] The number of Chinese people living below the poverty line has been reduced by 30 percent to 70 million over the last three years.

But this still leaves about 8 percent of the country's rural population with a food shortage problem, according to a government official.

The official poverty line in China is 200 yuan per capita annual income in rural areas.

The official said the poorest people mostly live in the old revolutionary bases and ethnic minority areas concentrated in the northwestern and southwestern regions.

It will be hard to adequately feed and clothe these people because they live in areas where natural conditions are poor and lack sufficient water resources for human and animal consumption. Endemic disease is common.

Zhou Binbin, an official with the leading group office for the economic development of poor regions under the State Council, said that some minority areas in southwestern China lag a century behind the developed Yangtze and Pearl River Delta areas.

Helping these people to overcome their difficulties has been made a part of the Seventh Five-Year Plan (1986-90), he added. The central government listed the 331 poorest counties in its special aid plan in 1985, and food is no longer a problem for 75 of these counties. Local governments are taking special responsibility for another 333 poor counties.

The central government and the banks loaned 3.97 billion yuan to these regions this year, an increase of 700 million yuan over 1987. One billion yuan is lent at an interest charge of only 41 percent of the normal rate.

The central government has stressed that all the money has to be used directly to solve the problems facing poor people.

Other aid measures include:

—Agricultural tax reductions or exemptions for 35 years starting from 1985.

—State donations of grain, cotton, cloth and some industrial products to farmers who build their own roads, provide their own drinking water and undertake

other infrastructure projects. This scheme cost the State 2.7 billion yuan in the 1985-87 period. —Income tax exemption for three years for businesses which aim to help the poor.

—More developed eastern coastal provinces being encouraged to transfer technology and experts to the west to help in the training of managers and administrative officials.

—The provision by the state of chemical fertilizer and plastic sheets at low prices to ensure that every poor family is able to grow at least a small area of maize. Local governments are responsible for supplying good-quality seeds and information.

Zhou said that local government officials who have done poor work in aid programmes will be forced to step down in favour of successful leaders.

Special attention will be paid to problems such as the flow of expert staff and the misuse of funds.

Zhou said a foundation for the development of China's poorest regions soon will be established to give people at home and abroad the opportunity to help.

Statistics Reveal Income Changes Over Decade
OW3112130088 Beijing XINHUA in English
0825 GMT 31 Dec 88

[Text] Beijing, December 31 (XINHUA)—Real incomes of the Chinese people rose over the past decade, according to figures released today by the State Statistical Bureau.

Between 1978 and 1987, the social retail price index increased by 45.7 percent and the price index of daily necessities by 56.2 percent.

During the same period, per capita net income of farmers went up by 250 percent to 463 yuan a year, and urban residents' income by 190 percent to 916 yuan.

In real terms, this means that farmers' income went up by 180 percent and urban residents' income by 85 percent, the figures showed.

Consumption has risen, too. In 1978, one in 300 owned a television; today it is one in 10. Ten years ago, one in 10,000 owned either a refrigerator or a washing machine; now one in 100 has a refrigerator and one in 20 has a washing machine.

Between 1979 and 1987, the central government gave the urban residents subsidies totalling 142.6 billion yuan and gave the farmers a total of 49.5 billion yuan in subsidies, the figures showed.

However, not everyone is better off. The statistics show that by the end of 1987, there were still more than 70 million rural people living in poverty. Those who have less than 200 yuan a year are considered to live in poverty.

In addition, some urban families' actually suffered a drop in real income.

Progress in Rural Reform's Experimental Zones
HK0301153489 Beijing RENMIN RIBAO
in Chinese 29 Dec 88 p 2

[Report by reporter Chen Jian (7115 0256): "Progress Has Been Made in the Experimental Zones for Rural Reform"]

[Text] With the approval of the State Council, 19 different kinds of experimental zones for rural reform have been established in China.

On 25 December, Du Runsheng, director of the Central Research Office for Rural Policy, said: We need some follow-up [hou xu 0683 4958] policies for rural reform. Establishing experimental zones is a preparation for formulating the policies and laying down some theories for deepening the reform.

Preparations and designs for the experimental zones started in 1987. These experimental zones, which have been fully operated this year, involve almost all aspects in the current efforts to deepen rural reform. At present, the main experimental items that have been mentioned include: the township and town enterprise system, the land system, the rural cooperative economic organizations, the reform in the purchase and sale system for grain, the reform in the financial system, the large-scale agricultural operation, the reform in state farms, the reform and development of the administrative bureaus responsible for state-owned forests and collective forests, the ecological agricultural development, the comprehensive structural reform, and so on. These 19 experimental zones are located in various parts of the country with different natural environments and different levels of social and economic development. They have their own characteristics in terms of the contents and plans of their experiments.

It has been learned that over the past year or so, these experiments have played a good exemplary role and produced fine social effects. For example, the experiments made by Fuyang Prefecture in Anhui Province on the township and town enterprise system, clearing away roadblocks, and checking up on the market; the experiments conducted by Yutian County in Hebei Province on integrating animal husbandry, industry, and commerce; and the experiments carried out by Meitan County in Guizhou Province on the land system have made initial achievements. The relevant departments

have attached importance to, or adopted the results of the experiments. These experimental zones have produced great influence in the provinces and regions where they are located.

Rural Enterprise Contributions to Reform Viewed
OW3112065188 Beijing XINHUA Domestic Service
in Chinese 1339 GMT 27 Dec 88

["Local Broadcast News Service"; by reporters Yao Guang and Jiao Ran]

[Text] Beijing, 27 Dec (XINHUA)—Looking back on the course of the development of village and town enterprises during reform in the past 10 years, representatives who took part in the National Work Conference of village and town enterprises pointed out 10 great contributions made by the rise of the village and town enterprises to China's economic reform and development.

1. The development of village and town enterprises has found a solution for the social problem of employment of surplus labor force in rural areas.
2. Hundreds of thousands of peasant entrepreneurs proficient in management have come to the fore as the light of industrial civilization illuminates every corner of our country. They take the lead in giving impetus to the enhancement of the quality of millions of peasants and thereby polish the image of peasants, enabling their status to rise in the eyes of people.
3. Village and town enterprises have worked out a new way to speed up the modernization of national industries through rural industrialization.
4. Village and town enterprises expand the rural economic and social contacts both in depth and breadth, give impetus to the resurgence of small market towns which are founded on the traditional country fair trade, provide funds for the transformation of old market towns and the construction of new market towns, and thereby accelerate the process of urbanization of China's rural areas.
5. Village and town enterprises speed up the process of turning our country's scientific and technological achievements into productive forces and promote the reform of the system of science and technology in China.
6. Village and town enterprises have become a new important source of state financial and tax revenues.
7. The rise of village and town enterprises has broken the unitary rural economic structure, optimized the rural production structure, and promoted the development of agriculture.
8. The development of village and town enterprises has effectively helped peasants to increase their income, provided a large market for the urban industries, and promoted the development of industries.
9. Village and town enterprises have supplied a large quantity of readily marketable products to both urban and rural markets and made contributions to increasing the supply of social commodities and improving the living standards of the people in both urban and rural areas.

10. In the course of their development, village and town enterprises have gradually become a regulatory mechanism which is oriented toward the market, a mechanism of competition which assumes full responsibility for its own profits and losses and in which only the superior and the best survive, a managerial mechanism in which various forms of flexible management coexist at the same time, and a mechanism which mandates self-regulation while promoting the development of enterprises. They provide helpful experiences for the reform of the entire economic structure and, in particular, the reform of state enterprises in China.

Rural Training Program Helping Enterprises
OW0401001189 Beijing XINHUA in English
1451 GMT 3 Jan 89

[Text] Beijing January 3 (XINHUA)—The training centers throughout China are helping village and township enterprises move along the right track of technological upgrading.

So far, there are more than 3,300 such centers in the country which have trained 11 million workers from rural enterprises in the last 3 years.

The training centers are either set up by the Ministry of Agriculture or by local authorities.

Meanwhile, nearly 100,000 specialized personnel have been trained in colleges and universities, or through correspondence courses.

The effort is to promote the technological development of the rural enterprises and to improve the quality of their products.

This is in tune with what Agriculture Minister He Kang said in an earlier speech that rural enterprises must be technologically prepared to meet challenges as the country is carrying out an austerity technological progress of the rural industry.

Some screening bodies have also been set up to supervise product quality and contests of various kinds have been held nationwide.

Quite a number of rural enterprises and entrepreneurs have been awarded for their accomplishments in management, product quality improvement, energy saving, and technological development.

Commentator Urges Ensuring Cotton Production
HK0301021589 Beijing NONGMIN RIBAO
in Chinese 14 December 88 p 1

[Commentator's article: "A Signal Not To Be Neglected"]

[Text] After a transient recession on the cotton market, the demand for cotton has been rising year after year. People in various localities have tried every possible means to obtain this important material, and fierce cotton battles have been fought one after another.

This is quite natural. The fiber used to make clothes for the 1 billion people mainly comes from cotton. The raw material for the state's export textile goods is also mostly cotton. Cotton is an indispensable material that people cannot do without even for a moment.

On the one hand, social demand for cotton is increasing, and the price of cotton is rising. On the other hand, messages continuously show that peasants that traditionally produce cotton have been reducing the area of farmland used to plant cotton and their enthusiasm for planting cotton has decreased. According to messages from the relevant authorities, it is expected that the area of farmland used to plant cotton in Guantao County, a traditional cotton producing county in Hebei Province, will decrease by 20 to 30 percent; and the 30,000 peasant households which traditionally produce cotton in Jianglin County on the Jiangnan Plain will plant other crops on the cotton fields next year. Such examples are not rare. Cotton demand is increasing, but cotton production is decreasing. This will inevitably intensify the contradiction between the supply and demand of this important material.

While being worried about this state in cotton production, the officials used to blame the peasants and criticize them for not planting cotton according to the state plan and not giving consideration to the state's difficulties. In fact, this criticism is not fair. We should notice that the peasants themselves are also facing many difficulties. In particular, peasants who planted cotton in recent years experienced untold hardships and sufferings. If we recall the past few years, we may find that they encountered unprecedented difficulties. In 1985 and 1986, the peasants were enthusiastic about planting cotton, and the situation in cotton production was good. However, this did not bring happiness to the cotton growers. Along with the good harvests of cotton, the peasants only found it difficult to sell their cotton. In order to sell their product, the peasants had to line up in front of the purchase stations for 10 days or even 2 weeks. They also suffered losses as the cotton purchase price was forced down to a very low level. In the last 2 years, cotton production decreased, but the peasants who grew cotton did not live a happier life. Due to the unreasonable price parity, the income of cotton growers was even lower than that of peasants who planted grain crops which used to yield very poor returns. The cotton growers could not have their food grain guaranteed, and faced many difficulties in production. The prices of materials needed in their cotton production became higher and higher, and were not available when they were needed. To cultivate and protect the seedlings, the peasants could not get plastic sheeting; when pests or diseases appeared, they could not get necessary chemicals or just bought false chemicals; after selling the cotton, they were not paid in cash. When facing so many difficulties, how could the cotton growers maintain their production enthusiasm?

So, in order to again arouse the cotton growers' production enthusiasm, apart from making the necessary persuasive arguments, we should adopt a more effective

way, that is, to adjust the cotton policy, especially the cotton pricing policy, to ensure that the income of cotton growers will at least not be lower than grain producers. The state must effectively ensure the supply of food grain and production materials needed by the cotton growers. When peasants sell cotton to the state, they must be paid in cash, and no losses should be incurred. In short, the authorities must create a benign production environment for cotton growers, and only thus can their production enthusiasm be really aroused. If we do not adjust the relevant policy and adopt effective measures and we merely blame the peasants, then increasing cotton production will just be empty talk!

Ministry of Commerce Reports Abundance of Pork
OW3112065388 Beijing XINHUA Domestic Service
in Chinese 1204 GMT 28 Dec 88

["Local Broadcast News Service"]

[Text] Beijing, 28 Dec (XINHUA)—According to the latest information released by the Foodstuff Bureau of the Ministry of Commerce, peasants in various areas have been enthusiastically selling pigs to the state. As more live pigs are sold at markets than in previous years, large amounts of pork are being shipped to marketing areas. More than 5,000 metric tons of pork are marketed daily in the three municipalities of Beijing, Tianjin, and Shanghai.

Since the beginning the busy pig-buying season—which started in November—the 10 principal pig-producing provinces, despite the shortage of funds, have tried their best to help producers sell their pigs. In November state-run foodstuff companies bought 7.45 million head of pigs. They are expected to buy about 10 million head in December. By 20 December, cold storages in Beijing, Tianjin, and Shanghai municipalities had been filled with 200,000 metric tons of pork, about 100 percent more than the same period of last year. To help principal pig-producing areas ship out their pork, the three big municipalities have rented storages in other areas for storing tens of thousands of metric tons of pork. In this way, pork supply for New Year's Day and the Spring Festival in the three big municipalities is ensured. Besides, the pork in stock will surely help to stabilize the pork market in the first half of next year.

The state plan this year calls for the allocation and transfer of 810,000 metric tons of pork. As of now nearly 700,000 metric tons have been allocated and transferred owing to good coordination between producing and marketing zones as well as vigorous support from railway departments. The plan is expected to be fulfilled by the end of February next year, the time when the allocation and transfer year ends. As work has progressed quickly in Sichuan, Shandong, Jiangsu, Hebei, Anhui, and Henan Provinces, the plan is expected to be fulfilled in these six

provinces. Judging from the current supply of pork, the stability of the pork market throughout the country can be maintained this winter and next spring.

Beijing-Tianjin-Shanghai Food Production Base
HK0201124489 Beijing CEI Database in English
2 Jan 89

[Text] Beijing (CEI)—An egg, meat and fowl production base jointly funded by Beijing, Tianjin and Shanghai has been formed.

At present, the three municipalities have collected 890 million yuan funds and built 2,200 pig, fowl, egg and feed-processing projects, of which 80 percent has been completed. The output capacity of pig, egg-laying chicken and meat children [as received] will be increased by 2.2, 5.95 and 16.8 million respectively with the completion of the projects. Some of the projects have already gone into operation. There are now 531,500 head of pig in stock, accounting for 20.9 percent of the total output capacity.

By the end of October this year, the number of pigs and chickens of the three cities had reached 4.115 and 101.54 million respectively, registering a 18.8 and 48.6 percent increase respectively over the same period last year. The output of eggs reached 331.32 million kilograms, 33.5 percent up from the same 1987 period, and about 70.53 million chickens were slaughtered in the January-October period, 1988, increasing 29.59 million or 72.3 percent compared with the same 1987 period.

Farmers' Income Rises 250 Percent Since 1978
HK0301074889 Beijing CHINA DAILY
in English 2 Jan 89 p 3

[Text] Real incomes of the Chinese people rose over the past decade, according to figures released on Saturday by the State Statistical Bureau.

Between 1978 and 1987, the social retail price index increased by 45.7 percent and the price index of daily necessities by 56.2 percent.

During the same period, per capita net income of farmers went up by 250 percent to 463 yuan a year, and urban residents' income by 190 percent to 916 yuan.

In real terms, this means that farmers' income went up by 180 percent and urban residents' income by 85 percent, the figures showed.

Consumption has risen, too. In 1978, one in 300 households owned a television; today it is one in 10. Ten years ago, one in 10,000 households owned either a refrigerator or a washing machine; now one in 100 has a refrigerator and one in 20 has a washing machine.

Gold Production Increases Annually Over Decade
OW0101095989 Beijing XINHUA in English
0704 GMT 1 Jan 89

[Text] Beijing, January 1 (XINHUA)—China has become a major gold-producer and its gold reserves are among the largest in the world, "PEOPLE'S DAILY" reported today.

In the past decade, China's gold production has increased at an annual rate of 10 percent. The gold reserves discovered in 1986 and 1987 are five percent more than the total discovered in the 1981-1985 period.

The number of geological workers engaged in the exploration of gold reserves have increased to about 88,000 in 1988 from 52,000 in 1985.

Two major gold production bases are in the forming—one between southwest Guizhou, northwest Guangxi and southeast Yunnan, and the other, between Sichuan, Gansu and Shaanxi Provinces.

Gold mine belts have also been located along the middle and lower reaches of the Yangtze River, in the mountain areas of Ailaoshan in Yunnan Province and in the northern part of Junggar Basin in Xinjiang Uygur Autonomous Region.

New technologies have been applied to gold exploration and geological teams in Henan, Zhejiang and Heilongjiang Provinces have made major improvements in their field prospecting work.

New National Journals Set for 1989 Publication
OW0401090689 Beijing XINHUA Domestic
Service in Chinese 1208 GMT 30 Dec 88

["Local Broadcast News Service"]

[Excerpts] Beijing, 30 Dec (XINHUA)—With the approval of the China Press and Publications Administration, the first issue of ZHONGWAI SHUKAN WENZHAI [0022 1120 2579 0436 2429 2298 DIGEST OF CHINESE AND FOREIGN BOOKS AND JOURNALS], a monthly magazine of extracts of articles published at home or abroad, will be published in Beijing in January, 1989. [passage omitted]

ZHONGGUO ZHONGYI YAOLAO [0022 0948 0022 6829 5522 1032 JOURNAL OF TRADITIONAL CHINESE MEDICINE], which is sponsored by the State Administration of Traditional Chinese Medicine, will be published on 2 January, 1989. Comrade Peng Zhen wrote an inscription for the journal. [passage omitted]

QINSHAONIAN DUSHU ZHINAN [7230 1421 1628 6236 2579 2171 0589 GUIDE FOR YOUNG READERS], a magazine of comprehensive information to be

published nationwide, is sponsored by the General Publishing Company for Young Chinese Readers. It will begin publication in March, 1989. [passage omitted]

QIUSHI No 1 Table of Contents Published
HK0401070089 Beijing RENMIN RIBAO in Chinese
30 Dec 88 p 6

["Table of Contents for QIUSHI No 1, 1989"]

[Text] Article by Zhao Ziyang: "Use Theories Put Forward at the 13th CPC National Congress to Further Arm the Whole Party—Speech at the Theoretical Discussion Meeting to Mark the 10th Anniversary of the Convocation of the 3d Plenary Session of the 11th CPC Central Committee (18 December 1988)"

Article by Li Peng: "Earnestly Put the Focus of Construction and Reform on the Improvement of the Economic Environment and the Rectification of the Economic Order—Speech at the National Planning Meeting and the National Meeting on Work of Reform of the Economic Structure (5 December 1988)"

Article by Wang Renzhi: "Opening Speech at the Theoretical Discussion Meeting to Mark the 10th Anniversary of the 3d Plenary Session of the 11th CPC Central Committee (18 December 1988)"

Article by Wang Meng: "Tentative Views on Culture in the Initial Stage of Socialism in Our Country"

Article by Zuo Mu: "'No Free Lunch'—on Reformers' 'Sense of Production Cost' and Other Issues"

Article by Xue Muqiao: "From New Democracy to the Initial Stage of Socialism"

Article by Pang Yuanzheng: "Changes in Patterns in the Course of Integrating Marxism with the Reality of Our Country"

Article by Wang Shu: "New Trends in the International Situation Indicate New Changes in the Face of the World"

Article by Xie Yixian: "Major Readjustments of China's Foreign Policy in the 1980's and Their Significance"

Article by Yi Yan: "Is Large-Scale Management Used to Negate Contracted Household Management in the Rural Areas?"

Article by staff reporter Zhang Sufang: "Perfecting the Contract System Is the Key Link in Deepening Reform and Properly Readjusting the Economy—Minutes of the National Symposium on Perfecting the Contract System"

Article by Wei Wei: "The Great Northern Wilderness Today"

Article by Dan Chi: "Watch Out for 'Brief Informal Notes'"

East Region

Lu Rongjing Addresses Anhui Mobilization Meeting *OW0301111389 Hefei Anhui Provincial Service* *in Mandarin 1100 GMT 29 Dec 88*

[Text] Offices directly under the province's jurisdiction held a meeting on 20 December to mobilize cadres to conduct education on the current situation in rural areas. The provincial party committee has decided to assign 144 office cadres to some 20 counties since 1 January 1989 to make investigation and study and to help conduct education on the current situation in rural areas. The office cadres will help the rural areas in four different ways: First, by making investigation and study; second, by working at selected units mainly in 17 cities and towns; third, by setting up liaison points, with each point or township establishing links with a provincial party committee Standing Committee member or a vice governor; fourth, by conducting a mobile survey. The provincial party committee Organizational and Propaganda Departments and the provincial Agricultural and Economic Commissions will be responsible for surveying areas north of the Huai He, between the Chang Jiang and the Huai He, and south of the Chang Jiang.

In his speech at the mobilization meeting Lu Rongjing, secretary of the provincial party committee and governor, said: Conducting education on the current situation in the rural areas is important to further implementing the guidelines of the 3d Plenary Session of the 13th CPC Central Committee, improving the economic environment, rectifying economic order, deepening reforms, and boosting agricultural production.

He said that the purpose of conducting education on the current situation in the rural areas is to help the masses of peasants understand the current situation and enhance their confidence in deepening rural reform, to vigorously stimulate the development of productive forces, and to enable the people of the province to become well-off as early as possible.

Lu Rongjing called on the cadres who were to work in the rural areas, while helping the rural areas conduct education on the current situation and making investigation and study there, to particularly find out whether the party and government organs at and above the county level, including some law-enforcement, inspection, and supervisory departments, are honest, whether leading organs are providing good services for the development of agriculture, whether certain policies and provisions of the party and the government are carried out there, what are the problems of utmost concern to the peasants, and what problems need urgent solution. He hoped that the cadres, after making investigation and study, will submit sound suggestions to the provincial party committee and the provincial government in order to help them formulate a good policy for developing agriculture.

Meng Fulin, vice secretary of the provincial party committee; Niu Xiaomei, member of the provincial party committee Standing Committee and director of the provincial party committee Propaganda Department, drew up specific plans on the necessary education material and on the task and method of conducting education on the current situation in the rural areas.

Anhui Provincial Planning Work Conference Ends *OW3012161188 Hefei Anhui Provincial Service* *in Mandarin 1100 GMT 25 Dec 88*

[Text] The provincial work planning conference for 1989 ended yesterday. Fu Xishou, deputy secretary of the provincial party committee and vice governor, made a summing up speech at the conference. He emphatically pointed out: It is imperative to implement the guidelines of the 3d Plenary Session of the 13th CPC Central Committee, strengthen macrocontrol, and do a better job in improving the economic environment and rectifying economic order in order to insure the healthy and coordinated development of national economy in this province.

Comrade Fu Xishou first analyzed this province's situation in improving the economic environment and rectifying economic order in more than 2 months since the convocation of the 3d Plenary Session of the 13th CPC Central Committee. He said: In compliance with the policies of the party Central Committee and the provincial party committee and people's government has worked hard to improve the economic environment, rectify economic order, and deepen reform; and has formulated a comprehensive plan and drafted various documents for implementing those tasks. The provincial people's government has strengthened its leadership over those tasks and systematically investigated and carried out decisions on clearing up various cases of capital construction projects currently being built, straightening up various companies, controlling consumption funds, and inspecting tax collection, financial work, commodity prices, and credit operation. Currently market commodities prices are mainly quite stable; the practice of wanton construction of office buildings, auditoriums, and guest houses has basically been stopped; funds for consumption have been put under control; illegal business operations have been reduced; the market situation has been improved; and the shortage of funds has also been improved to a certain extent. This province has achieved initial results in improving the economic environment and rectifying economic order. However, we must not slacken our efforts or give up halfway. We must eliminate all our doubts and implement the guidelines of the 3d Plenary Session of the 13th CPC Central Committee through to the end.

Fu Xishou pointed out: In fact, improving the economic environment and rectifying economic order are tasks for readjustment. Readjusting the economic structure is the most effective way to solve our present difficulties. We must properly concentrate our limited financial and

material sources and give priority to developing the production of items which can promptly meet the demand of the market. Industrial production should be geared to the needs of domestic, national, and international markets.

Fu Xishou especially stressed that, while carrying out readjustment, investment for educational purposes must be guaranteed, instead of being reduced. While capital construction projects in various fields will be curtailed in 1989, the funds for educational purposes should be maintained at the actual level of 1988. Units at various levels must reasonably make funds available for investment in education according to this principle.

Comrade Fu Xishou also pointed out: The primary goal in improving the economic environment and rectifying economic order next year is to insure that the rate of increase of commodity prices should be significantly lower than that of this year. While controlling excessive demand and effectively increasing supply of goods, we should effectively control the prices of important means of production and people's daily necessities. The prices of certain commodities should be frozen in order to stabilize the overall situation. In our efforts to effectively control commodity prices, we must strengthen market management and constantly carry out price inspection and supervision.

The planning conference lasted 5 days. Participants took the readjustment of the economic structure as the central task, and made decisions on various development plans for 1989. Vice Governor Shao Ming also delivered a speech at the conclusion of the conference.

Fujian Issues Circular on Weapons Control
OW0101070589 Fuzhou FUJIAN RIBAO
in Chinese 15 Dec 88 p 1

[Text] The Fujian Public Security Department has issued a circular on the "Collection of Guns, Ammunition, Explosives, and Controlled Knives Circulating in Society." The department starts the provincewide work on checking and collecting guns, ammunition, explosives, and controlled knives circulating in society on the day of the circular's issuance.

In recent years our province has achieved certain results in the management of guns, ammunition, explosives, and controlled knives. However, since some departments, units, and individuals do not strictly follow the government's relevant regulations, there are many problems in the production, transportation, storage, sales, and use of guns, ammunition, explosives, and controlled knives. Despite the government ban, some criminal elements engage in illegal manufacturing, storage, and sales of weapons, thus circulating some guns, ammunition, explosives, and controlled knives in society. Taking advantage of loose management on explosives and controlled knives in some areas, criminal elements use them to carry out killings and explosions, and to commit rape,

robbery, and other kinds of criminal activities which seriously jeopardize social security, and directly endanger public order and the safety of people's lives and property. To safeguard the country's safety and the people's lives and property, it is necessary to effectively step up the management of guns, ammunition, explosives, and controlled knives. The scope of checking and collection covers the production, transportation, storage, sales, and possession of guns, ammunition, explosives, and controlled knives in violation of regulations. Plants, workshops, stores engaged in the illegal production and sales of guns, ammunition, simulated pistols, explosives, and controlled knives will be banned.

To facilitate voluntary surrendering of illegally held weapons, police stations in localities have set up registration centers. Police personnel are specifically assigned to collect them. Units and individuals holding illegal weapons should register with their local public security organs within 20 days after the publication of the circular of the provincial Public Security Department. Public security organs will, according to circumstances and to the law, give lenient treatment or even no punishment to those units or individuals who voluntarily offer explanations and turn over their illegally held guns, ammunition, explosives, and controlled knives to public security organs. But to those units or individuals who refuse to voluntarily surrender their illegally held weapons, public security organs will forcefully confiscate their weapons according to the law and mete out punishment according to circumstances and bring criminal charges against them.

The provincial Public Security Department hopes that people in the province will actively coordinate with public security organs in carrying out the cleaning and collection work, boldly report the case of illegal manufacturing, sales and storage of weapons, and expose individuals who are involved in such activities.

Han Peixin at Jiangsu Rural Work Conference
OW0301130289 Nanjing XINHUA RIBAO
in Chinese 23 Dec 88 p 1

[Text] Addressing a provincial conference on towns and townships which closed yesterday, Comrade Han Peixin called on provincial party committees and governments to give priority to protecting the seedlings by combating drought in order to ensure a bumper harvest of summer-ripening crops next year. He urged all to treat drought-fighting as an important issue of improving the economic environment and rectifying the economic order.

Han Peixin said: Our province has been affected by a sustained winter drought rarely seen in the past 30 years. The situation is very serious. Crops throughout the province are suffering from the drought which is expected to become more serious. The drought will be a serious threat to our bumper harvest of summer-ripening crops next year if no effective measures are taken to combat it.

He urged party committees and governments in all localities to draw up drought-fighting plans and to organize personnel to go to check how the work of combating drought is progressing. He noted that all areas should concentrate on this work for the time being by giving as much assistance as possible.

He said: Plans have been made to deliver water to areas north of the Huai He. The provincial Economic and Planning Commission and Electric Power Bureau have also made arrangements for electric and petroleum supply. All areas should use specially supplied electric power with care and make sure that water is delivered to areas north of the Huai He without interruption. Provincial departments concerned have prepared 5,000 metric tons of diesel oil to help various areas combat drought. In the light of actual conditions, industries in various areas should save electricity in order to ensure that drought-fighting is effective. The masses and available machines should be mobilized to take part in combating drought. In short, leaders should act immediately, divide responsibility, go to the affected areas, introduce the responsibility system, and ensure that measures are carried out so as to save all the seedlings and reap a bumper harvest of summer-ripening crops next year.

Jiangxi's Wu at 7th People's Congress Session
OW0301143089 Nanchang Jiangxi Provincial Service
in Mandarin 1100 GMT 29 Dec 88

[Text] The sixth session of the seventh provincial People's Congress Standing Committee ended this afternoon.

Chairman Xu Qin presided over the meeting. Vice Chairmen Wang Zemin and Pei Dean were present. Governor Wu Guanzheng and responsible comrades of the provincial Higher People's Court and the provincial People's Procuratorate attended the meeting as observers.

By a show of hands the meeting adopted the provincial People's Congress Standing Committee's Decision on Ensuring Success in Overall Agricultural Development in Jiangxi, its Decision on Revising Section Two of Article Six of the Jiangxi Provincial Measures for Managing Mines and Enterprises Run by Collectives in Villages and Towns As Well As Mining by Individuals, and its Decision on Approving the Legal Affairs Commission's Opinions on Screening Local Decrees Formulated by the provincial People's Congress and its Standing Committee from 1979 to 1988. The meeting also adopted other decisions on personnel appointments and removals.

The meeting held joint group discussions yesterday afternoon and this morning. Standing Committee members speaking at the discussion were: (Wu Jiguo), (Zhao Yuanren), (Wen Hanguang), (Chen Shengshu), (Huang Zhenzhi), (Sun De), (Xu Huaifang), (Li Sujia), (Hou Yubin), (Luan Zhida), (Wang Guoliang), and (Zhao Zong).

Jiangxi Chief Procurators Meeting Held
OW0101044389 Nanchang Jiangxi Provincial Service
in Mandarin 1100 GMT 25 Dec 88

[Text] The provincial chief procurators working conference was held 21-25 December in Nanchang. Chief procurators from branch procurators' offices from different areas, city procurators offices, and county procurators offices attended the meeting. The meeting transmitted the spirit of the National Chief Procurators Working Conference, reviewed and summed up the situation of this year's procuratorial work in the province, planned and arranged next year's procuratorial work.

The meeting held that criminal activities such as embezzlement and bribe-taking is serious in our province. Cracking down on and struggling against economic crimes is an onerous task. Embezzlement and bribe-taking are chief among current economic crimes. Procurators organs should concentrate their main energy on the anticorruption drive. Wang Zhaorong, member of the Jiangxi Provincial CPC Committee Standing Committee and group leader of the provincial CPC Committee Political Science and Law Committee's leading group attended and spoke at the meeting. Wang Zhaorong called on procurators organs at all levels to further define the guiding thought on the political and law work in the new period, continue launching an in-depth struggle against and a cracking down on both economic and criminal offenses, strengthen the building of the contingent of procurators, and keep up the party's leadership over the procuratorial work. Wang Zhaorong stressed: When investigating and handling economic criminal cases, we must implement the following principle: be resolute, cautious, and right on target. We should step up investigative work, establish a system of joint meetings and a case transferring system, and persist in crime reporting work. We should also stress cooperation and unified planning when handling cases.

Li Ying, president of the provincial Higher People's Court; Chen Keguang, member of the provincial Advisory Committee Standing Committee; Sun Shusheng, director of the provincial Public Security Department; Fan Youjian, director of the provincial Justice Department; and Ding Xingfa, commander of the provincial Armed Police Corps were invited to attend the meeting. Wang Shuheng, chief procurator of the provincial People's Procuratorate, made a summing-up speech at the meeting.

Jiangxi Rural Work Conference Closes
OW010112889 Nanchang Jiangxi Provincial Service
in Mandarin 1100 GMT 25 Dec 88

[Text] The 5-day provincial rural work conference ended in Nanchang this afternoon. Conference participants

studied the national rural work conference guidelines and discussed ways to speed agricultural development in Jiangxi in light of actual conditions.

The session was chaired by Vice Governor Huang Huang. It was attended by provincial party and government leaders, including Liu Fangren, Jiang Zhuping, Wang Zhaorong, Wang Baotian, (Ru Huazhen), (Ma Zhichang), Zhao Zengyi, (Wang Shufeng), (Su Zihang), Sun Xiyue, and Chen Guizun. Bai Dongcai, member of the Central Advisory Commission, also attended the session.

Liu Fangren, deputy secretary of the provincial party committee; Zhao Zengyi, chairman of the provincial Advisory Commission; and Bai Dongcai, member of the Central Advisory Commission, addressed the session.

Jiang Zhuping, deputy secretary of the provincial party committee and vice governor, made a summing-up report at the session. He said: To adjust the economic structure it is necessary to take agriculture seriously, accelerate agricultural development, and properly adjust the structure within the agricultural sector. In developing agriculture it is necessary to attach great importance to and also handle well the relations between (the various sectors of the economy). First, as for the relationship between agriculture and industry, their role as respectively the foundation and the leading factor should be enhanced in order to promote their coordinated development. Second, the relationship between grain production and diversified occupations must be handled well in order to promote overall development of agriculture. Third, the relationship between agriculture and nonagricultural production must be handled well in order to promote the simultaneous development of agriculture, rural industry, and commerce. Fourth, [words indistinct] strive to make the best use of barren hills, barren water surfaces, slopes, and waste farmland. This will boost intensive farming as well as the efficiency of the agricultural economy. Fifth, we must integrate immediate interests with long-range interests.

Jiang Zhuping pointed out: Grain is the target in adjusting the pattern of agricultural production. Other sectors of the economy can develop only if a steady growth of grain production is maintained. In grain production it is necessary to stabilize the acreage devoted to grain crops while striving to increase total output and per unit output, and to gradually bring about a change in the one-crop farming pattern. To ensure steady growth of grain production throughout the province, it is first necessary to promote cultivation of fine strain crops centering on hybrid paddy rice [words indistinct]. Second, it is necessary to expend the production of green manure, chemical fertilizer, and farm manure. Third, it is necessary to expand the acreage of farms ensuring stable yields despite drought or excessive rain, and to adopt comprehensive measures for improving low and medium yield farms. Since economic crops are important to farming, efforts should next be concentrated on

the production of cotton, oil-bearing crops, sugarcane, and cured tobacco. All localities must draw up measures to ensure proper planting acreage.

There is a big potential advantage for developing forestry in our province. Exploiting forest resources is one of the main targets of developing agriculture in our province. It is very important to simultaneously spread education in ecology and economy in order to develop forest resources. All barren hills throughout the province should be planted with trees within a limited period of time, and this should be done by adopting a responsibility system among leaders. It is also necessary to safeguard order in forest areas and to prevent the indiscriminate felling of trees.

There are good prospects for animal husbandry and aquaculture. It is necessary to encourage hog raising in order to prevent a decline in production. At the same time, it is necessary to encourage grain conservation by expanding the number of grass-eating animals such as oxen, sheep, and rabbits, and to expand the breeding of water fowl such as ducks and swans. In aquaculture, the main aim should be to raise per unit production. Efforts should be made to develop fish breeding in available water areas. Developing rural enterprises and agricultural and sideline products processing industry is the key to promoting the industrialization, specialization, commercialization, and modernization of agriculture.

In the past few years rural enterprises have developed quickly in our province, but problems remain in this area because of the low standard of the enterprises. Proceeding from the reality in our province, it is necessary to adopt a policy to expand their development. That is to say, the state, the collective, and the individual should work together to mainly develop family-run and multi-family-run enterprises.

It is necessary to encourage the policy of encouraging scientists and technicians to work in rural enterprises. The development of agricultural processing industry in our province must be integrated with the (overall agricultural development plan). To win the market with good-quality, brandname, and special products, it is necessary to attach great importance to the development of the food processing industry in order to make it a key industry in our province.

In conclusion, Jiang Zhuping said: The rural areas and agricultural departments must go all out to take part in readjusting the structure within the agricultural sector. In addition, it is necessary to organize the entire society to do this work. All relevant departments should render their support in the form of funds, materials, and technology. It is necessary to heed the importance of services such as storage, packing, transport, supply, and marketing. Particular attention should be given to enlivening commodity circulation in order to unify agricultural

development in our province as a whole with the domestic and international markets. In this way, we will be able to continue to develop in the course of competition.

Jiangxi To Subsidize Education Through Taxes
HK0301050089 Beijing CHINA DAILY in English
3 Jan 89 p 3

[By staff reporter Zhang Lin]

[Text] China's Jiangxi Provincial Government will subsidize the development of education by levying a tax beginning next year on group purchasing of 29 items.

These commodities include colour TV, refrigerators and air conditioners. A 10 to 50 per cent tax will be levied according to the marked price for these commodities. The money will be appropriated to the local education departments.

Last week, China's senior legislators put forward a proposal to establish a long-term State education loan.

The central government should give education departments 10 million yuan in credits evenly divided over five years to help overcome the country's current shortage of education funds.

The suggestion was raised by 20 members of the National People's Congress (NPC) Standing Committee, including well-known economists Li Yining and Tao Dayong, as well as educator and committee Vice-Chairman Zhou Gucheng.

The NPC members say that use of credit funds from banks will be a new way for China to solve the problem of inadequate education funds.

According to the suggestion, a special committee should also be set up under the State Education Commission to supervise the use of the credit funds.

The loan would not only help the development of education in China, but would also benefit the country's economic and cultural development, the legislators said.

Jinan Military Region Holds CPC Plenum
SK0101122389 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 28 Dec 88

[Text] The Sixth Jinan Military Region CPC Committee held its first plenary session in Jinan on the afternoon of 28 December. Comrades Song Qingwei and Li Jiulong presided over this session; and Comrade Song Qingwei delivered a speech.

At the First Plenary Session of the Sixth Jinan Military Region CPC Committee, secretary, deputy secretaries, and Standing Committee members of the Jinan Military Region party committee were elected. At the plenary

session of the Jinan Military Region Discipline Inspection Commission that was also held on the afternoon of 28 December participants elected secretary, deputy secretaries, and Standing Committee members of the Discipline Inspection Commission.

At the first plenary session of the sixth Jinan Military Region party committee, Comrade Song Qingwei spoke on six opinions on strengthening the self-construction of the party committee of the military region. Comrade Song Qingwei said: To achieve success in regional party committee self-construction, we should work hard in many fields. The most important thing is to firmly maintain unanimity with the party Central Committee and the Central Military Commission. We must let the party Central Committee and the Central Military Commission rest assured with our practical work.

He said: Adherence to collective leadership may prevent us from making mistakes and deviations in the fields of politics and organizations and may reduce our mistakes in making policy decisions. Members of the military region party committee should positively participate in and safeguard the collective leadership of the party committee, attend to their work in a bold and responsible manner, and make concerted efforts to achieve still greater results in the collective leadership of the party committee.

Comrade Song Qingwei stressed: We should strengthen study and constantly improve leadership expertise. In studies, we should pay attention to two points. First, we should study theories in order to actually improve our understanding of Marxist theories. Second, we should learn from practice, learn to grasp and handle various kinds of contradictions and problems in essence and macroeconomically, improve leadership expertise, and enhance the ability to command the overall situation. At the same time, we should improve leadership style, proceed from the reality of the troops in doing everything, and be responsive to both higher and lower levels.

Comrade Song Qingwei concluded: Under the common endeavor of all members of the party committee, the present term of the party committee will certainly build itself into a leading core that is steadfast in politics, united as one, maintains high standards of ethical integrity, full of vitality, and will be able to lead all officers and soldiers of the region to achieve still greater success in the reform and construction of the troops.

Shandong's 1988 Agricultural Development Discussed
SK0301094589 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 30 Dec 88

[Text] Over the last decade of rural reform notable changes have taken place in Shandong's rural economy, and the province's 10 economic targets have doubled and redoubled. The data provided by the Statistical Bureau was as follows. Over the past 10 years the gross

production value of the rural community increased by 3.5 times, and the production value of the rural labor used by society increased by more than 3 times. The output value from per-mu cultivated areas increased by more than 100 percent, the total cotton production increased by more than 5 times, the total peanut production increased by about 100 percent, the meat production increased by 2 times, and the output value of commodities for agricultural use increased by 3.5 times. The total volume of farm and sideline products provided by the province's peasants increased by more than 3 times. Of this, the volume of marketable grain provided by the peasants increased by 1.5 times, that of marketable cotton increased by more than 6 times, and that of marketable vegetable oil increased by 1.5 times. The output value and profits of town and township enterprises increased by more than 10 times. The peasants' production input, the total farm machinery capacity, the consumption of electricity for agricultural use, and the export of farm and sideline products increased by more than 1 time. Of this, the province was a leader for several years straight in the total agricultural output value, the output of grain, cotton, fruit, poultry, and eggs, and the output value realized by township enterprises.

However, new problems and difficulties in the province's rural economy emerged during the past 1 or 2 years. The peasants' enthusiasm for developing production was dampened because they would see comparatively lower benefits from engaging in crop production, particularly, from growing grain, cotton, and oil-bearing crops. The peasants have great complaints about the insufficient supply of goods and materials for agricultural use, their higher prices, and some fake and poor-quality commodities. The province seemed to lack reserve strength for agricultural development due to the fewer investment in agricultural capital construction, outdated agricultural facilities, and a weakening disaster-fighting capacity during the past few years. In particular, in face of the disasters and difficulties that emerged in 1988, the overall rural economy fluctuated.

The provincial rural work conference will adopt measures for gradually resolving these problems.

Shanghai People's Congress Meeting Ends
OW0101024189 Shanghai JIEFANG RIBAO
in Chinese 23 Dec 88 p 1

[Text] The 4-day Fifth Meeting of the Ninth Shanghai Municipal People's Congress Standing Committee closed successfully yesterday after completing its seven-item agenda.

Ye Gongqi presided over yesterday's plenary session. In the morning Standing Committee members heard and examined a report on the implementation of the Law on Compulsory Education in Shanghai, delivered by Xi Xinxiong, vice chairman of the municipal People's Congress Committee on Education, Science, Culture, and

Hygiene. While examining the report the Standing Committee members noted that implementing the law is a matter of great importance concerning the development of basic education and the heightening of ideological and cultural quality of China's population. In the past few years the municipality governments have done much work in promoting compulsory education. Although fairly good results have been made in this respect, insufficient funds for education, irrational setup of teachers, and low quality of education have been problems. The Standing Committee members urged the municipal government to draw up provisions banning schools from opening shops and renting out school ground. They also called on it to adopt effective measures to raise teachers' salaries and benefits, to stop the dropout trend in elementary and middle schools, and to help poor districts improve their schools' appearance.

In the afternoon the session heard an explanation by Meng Shumo, vice chairman of the municipal People's Congress Finance and Economic Committee, on suggestions regarding the revised version of the "Regulations of Shanghai Municipality for Protecting the Lawful Rights and Interests of Consumers (Draft)" and a report by Chen Jiangtao, member of the municipal People's Congress Urban Development Committee, on the revision of the second revised version of the "Regulations of Shanghai Municipality Governing Environment and Hygiene (Draft)" and on the results of examining the draft regulations. After voting by a show of hands, the session adopted the two draft laws, which will go into effect on 1 April and 1 May next year respectively. The session also adopted a report on the result of examining the 10 motions submitted by the municipal People's Congress deputies and agreed to proposal of the chairmanship meeting of the municipal People's Congress Standing Committee to set up an Overseas Chinese affairs, nationalities, and religious affairs committee(s). It has been reported that this motion will be submitted to second session of the ninth municipal People's Congress for examination and approval.

As Comrade Wang Naili has been appointed director of Shanghai's Tourism Bureau, the session has accepted, in line with the relevant law and regulations, his resignation as member of the ninth municipal People's Congress Standing Committee and as member of the municipal People's Congress Committee on Education, Science, Culture, and Hygiene.

The session was attended by Chen Tiedi, Liu Jingji, and Li Jiahao, vice chairmen of the municipal People's Congress Standing Committee.

Shanghai's Jiang Calls for Fighting Drought
OW0101022589 Shanghai City Service in Mandarin
1000 GMT 25 Dec 88

[Excerpts] Last evening's drizzle has not relieved suburban Shanghai of drought. Braving piercing winds, Vice Mayor Ni Hongfu led some 100 cadres of farmland reclamation departments to Shanghai's Ningxing Village today. [passage omitted]

The dry spell Shanghai has experienced during the past 3 months has not been seen in a hundred years. Jiang Zemin, secretary of the Shanghai Municipal CPC Committee; and Zhu Rongji, Shanghai mayor, are very much concerned about agricultural production in suburban Shanghai. They said: Various counties should link their efforts in fighting the drought, protecting seedlings, and striving for a bumper harvest of grain and oil next summer with the overall economic situation of safeguarding effective supply. They should stress work in this regard. Farmland reclamation departments must send cadres to rural areas to inspect efforts in fighting the drought and protecting seedlings. Priority should be given to agriculture in the use of energy, equipment, chemical fertilizer, and funds.

Under a unified plan of the Shanghai Municipal CPC Committee and government, some 200 townships and towns in suburban Shanghai have all been urgently mobilized to fight the drought and protect seedlings. Water conservancy departments have mobilized 40,000 professional personnel and used 2,800 fixed water pumps as well as 1,400 small portable water pumps to pump water against the drought. [passage omitted]

Today, at a drought-fighting scene at Shanghai's Ningxing Village, Vice Mayor Ni Hongfu told this reporter: Agriculture occupies a decisive position in the process of improving the economic environment and rectifying economic order. Villages in suburban Shanghai must now arouse enthusiasm for building farmland irrigation systems and for farmland management focusing on fighting the drought and protecting seedlings during this winter. They should strive for a bumper agricultural harvest in the year of severe drought and for an ample supply of vegetables in the off seasons to ensure market supply.

He also stressed the need to be well prepared against various disasters, to do a good job in winter farmland work, to take practical measures to fight cold and prevent frostbite, and to complete water conservancy work such as dredging rivers.

Shanghai's Jiang Zemin Greets Railway Workers
OW0301004589 Shanghai City Service in Mandarin
1000 GMT 28 Dec 88

[Text] On 28 December, the first anniversary of the new Shanghai Railway Station, municipal CPC Secretary Jiang Zemin and Vice Mayor Ni Tianzeng and other leaders visited the station in the afternoon to offer congratulations to the railway workers on their achievements in the past year.

Jiang Zemin urged the railway workers to put safety in transportation above anything else, maintain the station's facilities in good shape, and further improve the services for passengers. He also called on relevant departments to closely coordinate with the new station in providing still better services.

Jiang Zemin, Ni Tianzeng, and the other leaders also extended warm greetings to outstanding service personnel and representatives of workers and staff members of the station, and posed for pictures with them.

Shanghai's Consumer Rights Regulations
OW0101174889 Shanghai JIEFANG RIBAO
in Chinese 24 Dec 88 p 2

[Text] Shanghai Regulations on the Protection of Consumers' Legal Rights (passed at the 5th Session of the Standing Committee of the 9th Shanghai Municipal People's Congress on 22 December 1988)

Chapter I. General Principles

Article 1. Based on the "Constitution of the People's Republic of China," relevant laws, rules and regulations, and Shanghai's practical situation, these regulations are enacted to protect consumers' legal rights, strengthen the supervision by society of the production and sales of commodities as well as commercial services (hereinafter referred to as services), and promote the development of the socialist commodity economy.

Article 2. Consumers referred to in these regulations denote units and individuals who pay for commodities and services and use them for material and cultural purposes.

Producers, sellers, and servers referred to in these regulations denote units and individuals who produce and sell commodities as well as provide services for society.

Article 3. Units and individuals engaging in the production and sales of commodities and providing services in Shanghai must abide by the provisions of state laws as well as rules and regulations, and these regulations.

Article 4. People's governments at various levels shall be responsible for the implementation of these regulations. Working together with relevant departments, the administrative authorities for industry and commerce will be mainly responsible for their practical and complete implementation.

Judicial organs, the press and media, and relevant social groups shall all be responsible for the protection of consumers' legal rights.

Chapter II. Consumers' Rights and Obligations

Article 5. Consumers enjoy the following rights:

- 1) To know the quality and prices of commodities and services;
- 2) To freely select commodities and services;

3) To secure guarantees regarding the quality, prices, safety, hygiene, and measurement of commodities and services;

4) To ask for repairs, replacements, or return of purchased commodities, or to claim for compensation or file a lawsuit when legal rights and interests are damaged;

5) To supervise, according to law, commodities and services provided by producers, sellers, and servers.

Article 6. Consumers bear the following obligations:

1) To observe public morality and respect the work and legal rights and interests of producers, sellers, and servers;

2) To install, use, and maintain commodities according to operation instructions, and to observe prescribed or contracted service systems;

3) To reflect real conditions and present relevant evidence when complaining about the quality and prices of commodities and services, and the like.

Chapter III. Responsibilities of Producers, Sellers, and Servers

Article 7. Units and individuals engaging in the production and sales of commodities or providing services should do business, observe professional morality, and endeavor to improve the quality of commodities and services, according to the principle of fairness, equal compensation [deng jia you chang 4583 0116 2589 0326], honesty and credit, as well as civilized service. Never shall they damage consumers' legal rights and interests.

Article 8. Producers, sellers, and servers must abide by the following provisions:

1) They shall not produce and sell substandard commodities. Neither shall they provide services failing to meet prescribed or contracted standards. "Substandard goods" which remain useful despite their failure to meet prescribed standards can only be sold at reduced prices, subject to the approval of competent departments in charge of enterprises. The words "substandard goods" must be marked on these products and their packing.

2) A certificate of inspection indicating the producer, its address, date of production, principal ingredients, and validity and warranty periods, as well as operation instructions must go with a produced and sold commodity, according to state provisions. Explicit standards conforming to provisions must be set up for quality in providing service, except in cases where the server and the consumer have their own contracted prescriptions.

3) They are not allowed to sell imported commodities failing to be inspected according to state provisions.

4) They are not allowed to produce or sell commodities which have been publicly announced disused, expired, and spoiled commodities, or any other commodities which may endanger people's safety and health.

5) They are not allowed to sell obscene commodities and other contrabands.

6) They are not allowed to produce and sell sham commodities, pass off inferior commodities as good, or use others' registered trademarks.

7) They are not allowed to run false advertisements or engage in other deceptive propaganda.

8) Their sold commodities are not allowed to be short in quantity and weight. They must, on the spot, calibrate and test electrical appliances or other commodities requiring calibration and testing when selling them.

9) They must set and adjust commodity prices and fee collection standards according to state provisions on price management. They must clearly mark prices of their commodities and services according to provisions, and must set prices based on quality. Never shall they drive up prices or raise prices in disguised form.

10) Sales of commodities should not be arranged in pairs or groups or with the accompaniment of other assortments of merchandise. When providing optional services, sellers and those who offer such services must obtain the prior consent of consumers.

11) The repair, replacement, and refund of defective commodities, as per state stipulations or the agreement reached between manufacturers, sellers, and consumers, must be fulfilled in accordance with such stipulations and agreements.

12) When promoting the sales of commodities by accepting consumers' advance payment and by mail order and when offering services in this connection, sellers must guarantee the quality and quantity of their commodities as well as the fulfillment of the order within a specified period of time.

Article 9. Sellers are required to compensate consumers for their losses caused by commodities which fail to meet the specifications or standards and then claim reimbursement from whichever party that is responsible for such losses.

Those who offer services are required to compensate consumers for their losses caused by the quality of their services which fail to meet requirements or standards; if consumers' losses are caused by reasons other than the aforesaid service quality, those who offer services to consumers may claim reimbursement from whichever party that is responsible for such losses.

Article 10. Manufacturers, sellers, and those who offer services should set up rules and regulations that provide civilized services and services after sales and handle disputes with consumers.

Article 11. In cases where the quality of commodities is up to standard, sellers and manufacturers are not responsible for consumers' losses caused by their failure to follow the instructions for the use and operation of commodities.

Chapter IV. Management and Supervision

Article 12. The administrative and management departments in charge of the administration for industry and commerce, commodity prices, public health, technical supervision, and commodity inspection at all levels; the responsible departments in all trades and professions; and the responsible departments of enterprises should perform their respective duties to strengthen management and supervision over manufacturers, sellers, and those who offer services, and sternly investigate and deal with any activity that infringes on the rights and interests of consumers according to law.

Article 13. The press and the organs of public opinion have the responsibility to expose and criticize any activity that infringes on the legitimate rights and interests of consumers. No unit, institution, or individual is allowed to interfere in and suppress truthful reports by the press and the organs of public opinion about protection of the legitimate rights and interests of consumers.

Article 14. The municipal Consumers' Association is a mass organization that protects the legitimate rights and interests of consumers, conducts social supervision over supplied commodities and services, and provides guidance for consumers. Every district and county, after approval by the people's government at the same level, may set up its own consumers' association.

The consumers' association has the following rights in carrying out social supervision:

1) processing consumers' complaints, conducting investigation into and mediation for complaint cases, or making suggestions for relevant department and unit to handle;

2) coordinating with relevant administrative and management departments to supervise, inspect, and determine the quality and quantity of commodities, the quality of services, price, safety, hygiene, and weight and measurement; and making public the results whenever necessary;

3) exposing and criticizing manufacturers, sellers, and the service trade that infringe on the legitimate rights and interests of consumers;

4) taking part in evaluation and selection of excellent quality products and services;

5) reporting the situations of issues that concern the protection of the legitimate rights and interests of consumers to the relevant administrative and management departments, making suggestions, and whenever necessary, making inquiries, to which the relevant administrative and management departments should respond; and

6) supporting consumers to take legal proceedings against any activity that infringes on their legitimate rights and interests.

Article 15. The people's governments at all levels, together with the administrative and management departments under their jurisdiction, in the Shanghai municipality should support such mass organizations as the consumers' association and the staff and workers' organization for supervision of commodity prices as well as the masses in society to conduct various forms of social supervision aimed at protecting the rights and interests of consumers.

Chapter V. Handling of, and Punishment for, Illegal Activities

Article 16. Any illegal activity that infringes on the legitimate rights and interests of consumers shall be investigated and handled by the relevant administrative and management departments in charge of the administration of industry and commerce, commodity prices, public health, technical supervision, and commodity inspection according to the laws and regulations of the state. They may mete out punishments ranging from disciplinary warning, ordering compensations for consumers' economic losses, confiscating illegal income, confiscating the commodities of which production and sales are banned, confiscating illegal instruments and facilities, imposing penalties, and ordering suspension of business operations for the purpose of consolidation to revoke production permits and business operations licenses according to the seriousness of different cases.

Article 17. The responsible department of any manufacturer, seller, and service trade that violates Article 8 of these regulations shall be given an education through criticism; or, the personnel in charge of such a department and the directly responsible personnel shall be subjected to disciplinary measures according to the seriousness of each case.

Article 18. Any party that leases counters and a site from another party, holds a trade fair to promote the sale of commodities, and offers services should be held responsible for the proceedings of a civil case arising from consumers' losses. In case the lessor has not required the leaseholder to explicitly show their relationship of lease

in the contract and, under the circumstances, consumers are unable to lodge their claims to the leaseholder for compensation, the lessor shall then be held responsible for joint liability.

Article 19. If the quality of commodities and services provided by manufacturers, sellers, and the service trade does not meet the specifications required by the state and is not up to standard; if they result in serious injuries to the persons of consumers and heavy losses of consumers' property; and if the harm done is serious and constitutes acts of crime, the public security and judicial organs shall investigate and affix the responsibility of the responsible personnel of the unit and the directly responsible personnel for a criminal case.

Article 20. The working personnel of the relevant administrative and management departments in charge of the administration for industry and commerce, commodity prices, public health, technical supervision, and commodity inspection at all levels must protect the legitimate rights and interests of consumers according to law. They must not neglect their duties or act wrongfully out of personal considerations. Those who fail to meet these requirements shall be given an education through criticism or shall be subjected to disciplinary measures according to the seriousness of their offenses. If their offenses constitute acts of crime, they shall be investigated by the judicial organs and affixed responsibility for criminal cases.

Chapter VI. The Handling Procedures and Validity Within a Given Period of Time Fixed by Statute

Article 21. When their legitimate rights and interests are infringed upon, consumers should handle their cases of claim according to the following procedures:

1) negotiating with sellers and those who offer services and, in case a prior agreement has been made between manufacturers and consumers, directly with manufacturers, explaining to them the condition of damage, and requesting repair, replacement, and return of defective merchandise for refund or compensation;

2) lodging a complaint to the responsible department at the higher level or the relevant administrative and management departments or the consumers' association if negotiation proves futile and bringing a lawsuit before the people's court according to law if the handling by the relevant department is found unacceptable as final; or directly bringing a lawsuit before the people's court.

Article 22. Consumers should negotiate for compensation of their losses within 1 year from the date they are aware or should be aware of their losses. In case a given period of time is stipulated or agreed upon, negotiation for compensation should be made within the given period of time stipulated or agreed upon.

Article 23. After receipt of consumers' complaints, the administrative and management departments or the consumers' association should make decisions on whether or not the complaints will be processed and reply to consumers within 10 days. If they decide to process a complaint, they should immediately serve notice to the relevant seller, the party who offered services, and the relevant manufacturer.

The seller, the party who offered services, and the manufacturer should respond within 30 days after receipt of such a notice. If they do not respond after 30 days, or if they refuse to take due responsibility without a good reason in their response, the relevant administrative and management departments should then investigate and handle the case according to law.

Article 24. If any seller, party that offers services, and manufacturer refuses to comply with the decisions made by the administrative and management departments that handle such disputes, he may apply for reconsideration according to relevant laws and regulations. If he still refuses to comply with the decisions made after reconsideration, he may then bring a lawsuit before the people's court according to law.

Chapter VII. Supplementary Articles

Article 25. The principles of these regulations are also applicable to user as well as any third party who suffers injuries to his person and property losses from products whose quality is not up to standard.

Article 26. The Shanghai Municipal Administration for Industry and Commerce is responsible for explaining issues arising from specific applications of these regulations.

Article 27. These regulations will go into effect 1 April 1989.

Zhejiang's Xue on Promoting Spiritual Civilization
OW3112032688 Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 25 Dec 88

[From the "Provincial Hookup" program]

[Text] In a work report delivered at the Eighth Zhejiang Provincial CPC Congress, Comrade Xue Ju urged party committees at all levels to go all out to strengthen the building of a socialist spiritual civilization.

He said: A major task in building spiritual civilization is to unite and encourage people with the common ideal of achieving the four modernizations and revitalizing China, so that forging ahead and going onward will become a general practice in society. We should see to it that the common ideal of the people throughout the country will be integrated with the goals of development

of various trades, localities, and units and with everyone's duty, responsibility, and aim of life. There should be work ethics for various professions, specific spirit for each enterprise, definite purposes for various organizations, distinguished style of various schools, proper style of study, as well public order pledges, rules, and regulations, each with its distinct characteristics. All these should be practical; that is, they can be achieved through strenuous efforts.

Comrade Xue Ju pointed out: Devoting greater efforts to cultural undertakings is a necessary requirement for raising the people's ideological level and moral standard and for fostering good social mores. Party committees at all levels should show concern about and give support to the reform and construction work for such undertakings as journalism, publication, radio broadcasting, television, cinema, book publishing, study of cultural relics, sports, and public health so that these undertakings will play a significant role in promoting the spiritual civilization. The leadership over literary and art work should be improved by limiting guidance to important issues and work orientation and lessening interference in specific works. It is imperative to conduct in-depth and sustained activities aimed at changing improper customs and habits, carry forward the national spirit of diligence, frugality, and arduous struggle, advocate the civilized and scientific lifestyle, and use new ideas and practices to replace those harmful things that are considered to be ignorant and backward.

Zhejiang Leaders Urge Building Armed Forces
*OW0301041489 Hangzhou Zhejiang Provincial Service
in Mandarin 1000 GMT 30 Dec 88*

[Text] A provincial conference on placing the armed forces under party control was held in Hangzhou on 29 December. After reviewing their work, attendees outlined the focus of their efforts in building the people's armed forces next year.

Li Zemin, newly appointed secretary of the Zhejiang Provincial CPC Committee; Xue Ju, chairman of the Zhejiang Provincial Advisory Committee; and Shen Zulun, deputy secretary of the Zhejiang Provincial CPC Committee and governor, attended and addressed the conference. Xu Yongqing, standing member of the Zhejiang Provincial CPC Committee and political commissar of the Zhejiang Provincial Military District, presided over the conference. Yang Shijie, deputy commander of the Zhejiang Provincial Military District, delivered a work report.

In his speech Comrade Li Zemin emphatically pointed out: Arming (? the people) is a fine tradition. The new party committee should, as the previous committee did, continue to pay attention to, and show concern for, the work of placing the armed forces under party control. He said: Many troops are stationed in Zhejiang. This is a great advantage. These troops have made great contributions to dealing with emergencies, providing disaster

relief, building spiritual civilization, and [words indistinct]. The new provincial party committee must continue to strengthen military-government and military-civilian relations, and express concern and support for troops.

Comrade Xue Ju pointed out: Leaders at various levels in the province, cities, prefectures, and counties have closely integrated the building of defense with the pursuit of the material and spiritual civilizations, while endeavouring to carry out reform and opening to the outside world. They have trained a well-organized, self-disciplined, and self-conscious [you jue wu] militia reserve force. Military service is becoming legalized and standardized. To support military training with productive forces, and to integrate the latter with the former have gradually regulated and developed reserve service in the militia force.

In his speech, Shen Zulun urged party committees at various levels to continue to strengthen leadership in building armed forces, maintaining that they should regard the building of the people's armed forces department as an important job in their efforts to place the armed forces under party control.

Attending the conference were party, government, and military leaders including Xu Xingguan; Wu Renyuan; Sun Jiaxian; and (Liu Xirong); all standing members of the Zhejiang Provincial CPC Committee; and Major General (Wu Fengjie), deputy political commissar of the Zhejiang Provincial Military District. Also attending the conference were party secretaries, mayors, and commissioners of various cities and prefectures.

7th Zhejiang Party Session Ends 19 Dec
*OW3012160288 Hangzhou ZHEJIANG RIBAO
in Chinese 20 Dec 88 p 1*

[Text] The 10th Plenary Session of the 7th Zhejiang Provincial CPC Committee ended yesterday. It approved in principle a report by the seventh provincial party committee to the eighth provincial party congress. The session asked the provincial party committee Standing Committee to revise the report before submitting it to the provincial party congress for deliberation.

The provincial advisory and discipline inspection commissions also held plenary sessions at the same time as the provincial party committee, and the sessions of the two commissions also approved in principle their respective reports to be submitted to the eighth provincial party congress for deliberation.

The three plenary sessions also had preliminary discussions on candidates members for the leading bodies.

Chen Fawen, deputy secretary of the provincial party committee, presided over the plenary session on the afternoon of 19 December; and Xue Ju, secretary of the provincial party committee, spoke. Tie Ying, chairman of the provincial Advisory Committee, chaired the commission's plenary session.

Xue Ju Attends 8th Zhejiang Party Congress
OW0301141489 Hangzhou ZHEJIANG RIBAO
in Chinese 23 Dec 88 p 1

[Text] The Eighth Zhejiang Provincial CPC Congress opened ceremoniously in Hangzhou yesterday.

The congress was held at the Great Hall of the People. Hung high at center stage on the rostrum was a golden hammer-and-sickle emblem flanked on each side by five bright red banners. The entire meeting site appeared solemn and warm.

At 0830 Comrade Shen Zulun announced the opening of the Eighth Zhejiang Provincial CPC Congress. All rose as the band struck up the national anthem.

Comrade Xue Ju delivered a work report on behalf of the Seventh Zhejiang Provincial CPC Congress.

The report was divided into three parts. The first part deals with a basic work assessment of the past 5 years. Xue Ju said: Five years have elapsed since the seventh provincial CPC Congress. Over the past 5 years, our province has earnestly implemented the series of principles and policies of the party Central Committee, particularly on following the basic line of the initial stage of socialism, set by the 13th party congress which stresses economic construction as the central task, upholds the four cardinal principles, emphasizes persistence in reform and opening up, and calls for great efforts in promoting socialist modernization and construction. At present, the major tasks of economic construction, social development, and overall party consolidation proposed at the seventh provincial party congress have been fulfilled. But the road we have traversed has been rugged. In our advance, there have been times of victory as well as times of setbacks. There have been successes as well as failures. Because of all sorts of contradictions and frictions during the period of transition from the old to the new system, new problems and difficulties have emerged one after another. We can say that over the past 5 years, we have continuously emancipated our thinking, deepened reform, and developed production. These 5 years have also been a period in which we have continuously overcome difficulties and made continuous progress.

In the second part of his report, entitled "Principle and Policies of Construction for the Next 5 Years," Xue Ju said: The next 5 years will be crucial for deepening reform in an overall way as well as an important time for realizing a strategic change-over in our province's economic construction. We must earnestly implement the principles of the 3d Plenary Session of the 13th CPC

Congress and regard improving the economic environment and rectifying economic order not only as the major tasks for the next 2 years but also as a turning point for the tasks for the next 5 years in which we must stress both economic restructuring and results. On the one hand, we must resolutely cool the overheated economy and overcome economic confusion. On the other hand, we must create a new and favorable environment to enable us to beef up our economic reserves, gradually rationalize our industrial and production structure, find ways to control inflation without strangling the economy, and develop the national economy in a sustained, stable, and healthy way. At the same time, we must actively and steadily carry out all-round reform, integrate rural with urban reform, and incorporate enterprise reform and revitalization of the micro-economy with the mechanism of macroeconomic control. While deepening economic structural reform, we must also take well-planned steps to carry out political structural reform as well as structural reforms in science, technology, and education. While continuously promoting reform, opening up, and economic construction, we must also vigorously build up the socialist legal system and spiritual civilization.

The third part of the report deals with persistently managing party affairs in a strict manner and strengthening party building. Xue Ju emphasized: Since entering the new historical period various quarters have made still higher demands on our party. Overall reform and large-scale economic construction are brand-new tasks; the expansion of efforts in opening up and development of the commodity economy have pushed our party onto a new stage; and the people's cultural level and their democratic awakening and desire for higher living standards have risen to unprecedented heights. The changes in tasks, the environment, and the people's quality require our party to be adaptable, to enhance the party organs' fighting capability, and to play the role as a leading nucleus still better. The key to whether we can succeed in bringing the role of party organs and members into full play lies in whether we can uphold the principle of managing party affairs in a strict manner. By managing party affairs in a strict manner we mean, on the one hand, taking a clear-cut stand on commending advanced party organs and outstanding party members, popularizing their experiences and deeds, and doing our utmost to encourage the party's healthy trends; and on the other hand, effectively promoting education, setting up systems, consolidating party organs, enforcing discipline, improving the inner-party democratic life, seriously promoting criticism and self-criticism, and reducing negative and corrupt factors to a minimum. Ideological building is the key link in party building. Party ideological building is a protracted basic task which requires arming the whole party with the theory of the 13th CPC Congress, promoting in-depth restudy and reeducation in the theory and basic line of the initial stage of socialism, and making all party organs and each and every party member identify their political views with those of the party Central Committee. At present, it is

necessary to integrate studying the guidelines of the 3d plenary session of the 13th party Central Committee with promoting education on the current situation aimed at unifying our thinking and action so as to ensure the effective implementation of the series of policies of the State Council for improving the economic environment, rectifying economic order, and deepening reform. The party committees at all levels must devote a great part of their energy to grassroots party building, thus enabling grassroots party organs and party members to bring their role as fighting bastions, vanguards, and models into full play. The prevention and elimination of corruption to maintain clean and honesty party and government organs is an important task in building party spirit that must be urgently fulfilled. We must take a firm stand not only in promoting economic prosperity but also in encouraging honesty and preventing corruption. Honesty is a basic requirement. Party and government workers must correctly use the power entrusted to them by the people to serve the people. They must strictly abide by laws and discipline, must not take bribes or bend the law, must handle matters and fulfill official duties in an impartial manner, must not use their authority for personal gain, must be hard working, and must not indulge in luxury and waste. All party members must be honest in performing official duties, particularly leading cadres, who must be models to others.

Xue Ju concluded: The tasks facing us are both glorious and formidable. On the road ahead, there are both opportunities and risks as well as difficulties and hope. Let us, under the correct leadership of the party Central Committee, join and closely unite with the people of the whole province, the cadres and fighters of the PLA and Armed Police Force units stationed in Zhejiang, and the various democratic parties and mass organizations in a joint struggle to promote reform, opening up, and socialist modernization and construction in Zhejiang.

Seated in the front row on the rostrum were Xue Ju, Shen Zulun, Chen Fawen, Wu Minda, Ge Hongsheng, Yuan Fanglie, Luo Dong, Shen Guifang, Tie Ying, Cui Jian, and Xu Yongqing, members of the congress' Presidium.

Over 600 representatives attended the opening ceremony.

Present at the meeting on invitation were 80 other persons and 17 democratic party and nonpartisan personages.

Congress Closes

OW3112075788 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 27 Dec 88

[Text] After completing its agenda the Eighth Zhejiang Provincial CPC Congress closed at the Great Hall of the People in Hangzhou at 1615 today. The congress called on party organizations and party members throughout

the province to further arm themselves with Marxism-Leninism-Mao Zedong Thought and the theory of the 13th party congress, to uphold the principle of "one center, two basic points," to follow the leadership of the new provincial party committee, to unite with the people of the whole province, to confidently overcome difficulties, and to strive to win new victories in reform, in opening to the outside world, and in socialist modernization for Zhejiang Province.

Comrade Xue Ju chaired the closing ceremony. Members of the congress' presidium standing committee seated in the front row of the presidium were Xue Ju, Shen Zulun, Chen Fawen, Wu Minda, (Ge Hongsheng), Yuan Fanglie, Luo Dong, Shen Guifang, Tie Ying, (Hui Jian), and (Xu Yongqing).

A total of 630 representatives attended today's closing ceremony. After voting by a show of hands the congress adopted a resolution on the work reports of the Seventh Zhejiang Provincial CPC Committee, provincial Advisory Commission, and the provincial Discipline Inspection Commission. The closing ceremony was also attended by representatives of democratic parties and personages without party affiliation who had been invited to attend the congress as observers.

Central-South Region

Guangdong's Lin Stresses Financial Management
HK0301124589 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 29 Dec 88

[Text] Guangdong CPC Secretary Lin Ruo demanded that party and government leaders pay attention to financial work and do a good job in financial management to ensure a stable and harmonious economic development in this province. At a recent forum for some leading cadres of banks, after summing up the roles played by the financial departments in promoting Guangdong's economic development over the past years, Lin Ruo further pointed out: Practice makes us understand that the importance of financial work is chiefly seen from the following aspects: 1. Reform, opening up, and the development of the commodity economy cannot be continued without the support of the financial departments; 2. the scope of credit directly affects the floating of commodity prices; 3. the banks are playing a key role in controlling the scope of capital construction. Lin Ruo emphasized that in the effort to improve the economic environment, rectify the economic order, and deepen reforms, it is necessary to give full play to the banks' roles of regulation, control, and supervision. It is necessary to conscientiously implement the policy of the central authorities on improving the economic environment and rectifying the economic order, grasp the key link of financial work, and control the scope of credit and capital construction.

New Policy Could Cost Shenzhen U.S. \$70 Million
*HK0401065389 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST)
in English 4 Jan 89 p 1*

[By Cheung Lai-kuen]

[Text] Shenzhen Special Economic Zone expects to lose between U.S.\$50 million and \$70 million a year due to a new policy under which 20 percent of the foreign currency earned by trading must be paid to the central Government.

Prospects for foreign trade this year were uncertain under the new policy, Zhou Xiwu, vice-mayor of Shenzhen Municipality, said yesterday.

He said Shenzhen would need to pay about \$120 million to \$140 million a year to Beijing, based on export performance of last year.

Shenzhen's foreign trade reached \$2.8 billion last year, according to figures provided by the General Customs Administration of China.

But Mr Zhou said the custom's statistics included exports of value-added products made with imported raw materials.

Shenzhen Municipality's statistics showed that foreign exports of the zone were about \$1.8 billion last year, said Mr Zhou.

He added that only about \$600 million to \$700 million to \$800 million of the total \$1.8 billion in exports came from ventures that involved foreign funds, which are excluded in the new foreign currency.

In addition, the operating and management fees of the enterprises would be excluded from the policy, bringing the total fees to around \$300 million or \$400 million, Mr Zhou added.

With the deductions taking into account, net foreign currency earnings in Shenzhen would be around \$600 million to \$700 million.

If based on trade for last year, Shenzhen would have to pay 20 percent of the net foreign currency of \$700 million to the central Government, resulting in a payment of \$140 million, he said.

The central Government would repay yuan to the SEZs to compensate for the foreign currency paid, as is the practice in China. But the exchange rate would be the official exchange rate.

The official U.S. dollar exchange rate is about 3.8 yuan to \$1. But the rate on the black market or in the official foreign currency trading centre is about 7.5 yuan to \$1, or even eight yuan to \$1.

According to these calculations, Shenzhen would lose about \$70 million after compensation is paid.

Mr Zhou said enterprises in Shenzhen would not lose any money, but would have to pay "the cost for foreign currency exchange".

Mr Zhou said the advantage of retaining all of the foreign currency gained through trading was that it helped support the development of the special economic zone.

Guan Guangfu Addresses Hubei Party Meeting
*HK0101085289 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 30 Dec 88*

[Excerpts] The Fifth Hubei Provincial CPC Committee held its first plenary session in Wuchang this morning. Comrade Guan Guangfu presided over the plenary session. Of the 39 provincial party committee members who were entitled to be present at the session, 38 actually showed up because one member was away on official business. Also present at the plenary session were nine provincial party committee alternate members. Members of the provincial Advisory and Discipline Inspection Commissions attended the session as observers. The plenary session elected members of the Standing Committee and secretary and deputy secretaries of the Fifth Hubei Provincial CPC Committee. The results of the elections are as follows:

Members of the provincial party committee Standing Committee: Guan Guangfu, Guo Zhenqian, Zhao Fulin, Qian Yunlu, Ding Fengying, Zhang Xueqi, Tian Qiyu, Zheng Yunfei, and (Zhong Shuqiao).

Secretary of the provincial party committee: Guan Guangfu.

Deputy secretary of the provincial party committee: Guo Zhenqian, Zhao Fulin, and Qian Yunlu.

The plenary session of the provincial party committee approved the lineup of chairman and members of the provincial Advisory Commission Standing Committee elected by the commission's first plenary session. The name list is as follows:

Chairman of the provincial Advisory Commission: Chen Ming.

Members of the provincial Advisory Commission Standing Committee (arranged in the order of number of strokes of family names):

Ma Liang, (Wang Kui), (You Hongtao), (Feng Xichen), (Li Leng), (Li Weihua), Xin Fu, Chen Ming, and (Chen Fusheng).

The provincial party committee plenary session also approved the lineup of secretary, deputy secretaries, and members of the provincial Discipline Inspection Commission Standing Committee elected by the commission's first plenary session. The name list is as follows:

Secretary of the provincial Discipline Inspection Commission: Ding Fengying.

Deputy secretaries: (Wang Chongwen) and (Gao Guobin).

Members of the provincial Discipline Inspection Commission Standing Committee (arranged in the order of number of strokes of family names):

Ding Fengying, (Wang Dacheng), (Wang Chongwen), (Gao Guobin), and (Cai Dakang).

Comrade Guan Guangfu delivered a speech to conclude the session. Below are excerpts of his speech.

Guan Guangfu said: Today we have held the first plenary session of the fifth provincial party committee and elected the secretary and deputy secretaries of the provincial party committee and members of the party committee Standing Committee, thus establishing the fifth provincial party committee. During this plenary session we have also approved the lineup of chairman and members of the provincial Advisory Commission Standing Committee elected by the first plenary session of the provincial Advisory Commission, as well as the lineup of secretary, deputy secretaries, and members of the provincial Discipline Inspection Commission Standing Committee elected by the provincial Discipline Inspection Commission's first session. Therefore, as of today, we on the fifth provincial party committee will undertake the heavy duty entrusted to us in upholding the party's basic line, implementing the spirit of the 13th CPC National Congress and the important decisions adopted by the 3d plenary session of the 13th CPC Central Committee, and working hard to fulfill all the tasks set forth by the 5th provincial party congress.

Our being elected as members of the fifth provincial party committee by the provincial party congress implies the trust that all Hubei party members and people have put in us. We must show a strong sense of responsibility to the party and the people, carry forward the revolutionary cause and forge ahead into the future, unite and make concerted efforts, strive for greater achievements, overcome all difficulties, expand the excellent situation in Hubei, and exert our utmost to implement the general guideline put forth by the provincial party congress—adhering to the party's basic line and working hard for the thriving of Hubei in central China, so as to build up a rich, democratic, and civilized province of Hubei.

First of all, we must resolutely implement the CPC Central Committee's line, principles, and policies and take the initiative in keeping strictly in line with party central authorities. The CPC Central Committee's principles and policies, as the crystallization of the whole party's wisdom, represent the interests of all Chinese people. We must resolutely implement all these principles and policies and must never slack off. For the moment, we must steadfastly and earnestly keep in line with the important decisions adopted by the 3d Plenary Session of the 13th CPC Central Committee and conscientiously implement the principle of improving the economic environment, rectifying the economic order, and deepening the reform in an overall way, a principle put forth by the CPC Central Committee. What is more, we must take the improvement and rectification operation as a key link of the reform and construction in the next 2 years and make sure that remarkable results will be scored. Here we must especially emphasize one thing, that is, we must be fully aware of the serious challenge that we are facing in the operation to improve the economic environment and to rectify the economic order, and we must show our firm confidence and indomitable spirit, surmount all obstacles, and strive for new victories.

Second, it is necessary to give full play to the democratic spirit, pool the wisdom of the masses, be modest and prudent, make correct decisions, closely unite, and act in unison. [passage omitted]

Third, it is necessary to do a good job in the self-development of the provincial party committee and to improve its quality. [passage omitted]

Fourth, we must take the whole situation into consideration, coordinate the efforts of all circles, and give fuller play to the role of the party as the core of leadership. [passage omitted]

Southwest Region

Guizhou Secretary Urges Fight Against Corruption
HK3112063788 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 27 Dec 88

[Excerpts] The provincial work meeting of chief procurators ended yesterday afternoon [27 December]. Provincial CPC Secretary Liu Zhengwei emphatically pointed out: Party committees at all levels should bring anticorruption and bribe-taking cases into line with the general plan to improve the economic environment, rectify economic order, institute a clean government, effectively strengthen leadership, and conscientiously organize its implementation.

In his speech Liu Zhengwei said: Our party and government organs serve the people whole-heartedly. But there are indeed a handful of working personnel who, failing to stand the stern test of being in power and of reform,

manipulate power for personal ends, fail to perform their duties properly, and engage in corruption and bribe-taking. Regarding these illegal activities, if we do not resolutely crack down on them by legal means, it will be impossible to assuage popular indignation and punish criminals. It is also necessary to firmly crack down on those who make or sell fake wine, tobacco, and chemical fertilizer and thus seriously endanger the people's health and undermine the growth of productive forces. Those who use abominable means to evade or refuse to pay large amounts of taxes should also be sternly punished according to the law.

Liu Zhengwei pointed out: It is absolutely necessary be firm, prudent, and accurate in struggling against criminals. It is possible to attain good results only when we accurately ascertain the facts relating to the cases and strictly draw a clear line of demarcation between crimes and noncrimes. [passage omitted]

Liu Zhengwei concluded: Fighting corruption and bribe-taking is an important party Central Committee plan and a matter of major importance to safeguarding party and government organs' honesty in performing official duties and preserving the purity of the contingent of cadres. Party committee deputy secretaries at all levels in charge of public security, procuratorial, and judicial work, especially Political and Law Commissions secretaries, should personally make arrangements, carry out supervision and inspection, and resolve problems. Regarding corruption and bribe-taking cases involving those in high positions and complicated relationships, party committees at all levels should support with a clear-cut stand the procuratorates in handling the cases according to the law and removing obstacles and interference so that all people can be equal before the law.

Zhang Yuhuan, Hu Kehui, Liu Hanzhen, and other leading comrades attended and spoke at the meeting yesterday. Li Ling, chief procurator of the provincial People's Procuratorate, made a concluding report.

Guizhou Leaders Present Awards to Contributors
HK0301115189 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 27 Dec 88

[Excerpt] Yesterday morning [27 December] the GUIZHOU RIBAO office held a meeting in Guiyang to award winners of the activity to solicit 100 contributions marking the 10th anniversary of the 3d Plenary Session of the 11th CPC Central Committee. Leaders of the provincial party committee, Advisory and Discipline Inspection Commissions, People's Congress, and CPPCC Committee, including Comrades Liu Zhengwei, Ding Tingmo, Su Gang, Liu Hanzhen, and Miao Chunting, attended the meeting and presented awards to the winners. [passage omitted]

Sichuan To Receive Bank of China Group Loan
HK3001130688 Beijing CEI Database in English 30 Dec 88

[Text] Chengdu (CEI)—The Hong Kong-Macao Bank of China Group has agreed to provide Sichuan Province in southwest China with a loan of 100 million U.S. dollars.

A document signed by the bank group and the provincial government after a recent visit to Sichuan by a delegation of the group says the loan will be used by the province's small and medium-sized export manufacturers for technical renovation.

The loan carries a favorable interest rate and a term up to 5 years.

North Region

Beijing Holds Industrial Work Conference
SK0401005589 Beijing BEIJING RIBAO in Chinese 20 Dec 88 p 1

[Excerpts] We persisted in reforms, deepened the contract management responsibility system, and enabled the municipality to witness a good industrial situation in which the production rate and economic results grew simultaneously in 5 successive years. Yesterday the municipal government held an industrial work conference to conscientiously sum up this year's achievements and put forward next year's specific plans for the industrial front to improve the economic environment, rectify economic order and comprehensively deepen reforms.

Xu Weicheng, deputy secretary of the municipal party committee; Zhang Jianmin and Wu Yi, vice mayors; and responsible comrades of the relevant committees and offices of the municipal government, 16 industrial general companies (bureaus), and various districts and counties; and plant directors and party committee secretaries of key enterprises attended yesterday's conference.

Vice Mayor Zhang Jianmin gave a speech in which he fully affirmed the remarkable achievements scored by the municipal industrial front this year. He said: The municipal industrial front has made new progress in this year's economic reform, and made new achievements in industrial production and economic results. The industrial enterprises are worthy of being called the main force of maintaining political stability and unity during the capital's four modernization drives, the main force of providing financial resources, and the main force of guaranteeing people's daily needs. In his speech he also comprehensively analyzed the current situation and elaborated on the necessity of the improvement and rectification work. He called on the broad masses of workers on the industrial front to participate in reforms with full confidence, to implement all improvement and rectification measures formulated by the municipal government, and to strive to successfully carry out next year's production.

Although our municipality came across the difficulties of a shortage of raw materials and price hikes in this year's industrial production, which was unprecedented in the last 10 years, the 1.7 million workers and staff members on the industrial front fought in unity, put reform at the center of all their undertakings, and comprehensively fulfilled all reform and production tasks, which were mainly manifested in the following fields:

Since 1984 industrial enterprises have simultaneously increased their economic results and production rate, and have steadily raised product quality. From January to November this year, while constantly increasing industrial production, industrial enterprises also increased their sales income by 20.6 percent, profits by 16.7 percent, and profits and tax delivery by 11.1 percent over the same period of last year. This year, 23 products of the municipality won state-level gold and silver medals—the best medal showing in the past 3 years.

We achieved fairly substantial progress in using foreign capital and in intensifying enterprises' ability to create foreign exchange. From January to November we approved the establishment of 101 Sino-foreign joint ventures and the agreements involved \$329 million.

We strived to increase effective supply and guaranteed market supply and the people's needs. [passage omitted]

We achieved new success in developing scientific research and technological transformation. This year, the industrial departments successfully trial produced more than 2,200 new products, and mass produced some 1,540 products, of which more than 100 varieties of products attained a level equivalent to the international standard of 1980 among similar products. [passage omitted]

Concerning next year's work principles for the industrial front, the conference advanced the view that efforts should be made to conscientiously implement the central principle on improving the economic environment and rectifying economic order; uphold and improve the contract management responsibility system; comprehensively promote optimum labor associations; deepen enterprises' internal supporting reforms; mobilize the enthusiasm of the broad masses of workers; readjust the production set-up, the enterprise structure, and the product mix; increase effective supply; and realize the goal of increasing next year's industrial production rate by 8 percent and achieving simultaneous growth in the production rate and economic results. [passage omitted]

Northeast Region

Heilongjiang's Sun Calls for Protecting Informers
SK0401052589 Harbin Heilongjiang Provincial
Service in Mandarin 2200 GMT 3 Jan 89

[Text] The case of Suiling County with regard to the calumny and persecution against an individual who reported officials' misdeeds to the report center has

greatly attracted the provincial party committee's attention. Sun Weiben, secretary of the provincial party committee, gave an instruction regarding the case, stressing that protecting those who have reported officials' misdeeds to the report center represents the duty of party and government organizations at all levels and that as for the county's case, it is imperative to rapidly and clearly expose the facts and to deal strictly with it in line with the law.

Since the beginning of 1988 Chen Lizhi, official of the Suiling County Armed Traffic Police Force, reported the economic misdeeds committed by Chen Chuanlu, chief of the county Armed Traffic Police Force, and Liu Qian, deputy chief of the county Armed Traffic Police Force, to journalist circles and the relevant Suihua Prefecture departments. Chen Lizhi then suffered retaliation, and in order to avoid apprehension by the county People's Procuratorate is forced to keep on the move.

In his instruction Sun Weiben urged the departments concerned to clearly investigate the facts and to deal strictly with the case in line with the law. According to the report, Suihua Prefecture is organizing a joint investigation group with the participation of cadres from the prefectural party committee, Administrative Office, Supervisory Bureau, Audit Bureau, People's Procuratorate, and Public Security Bureau and is going to dispatch the group to Suiling County to investigate the case.

Jilin's Links With USSR, DPRK Expand
HK0401100989 Beijing CEI Database
in English 4 Jan 89

[Text] Changchun (CEI)—A series of ports have been opened in northwest China's Jilin Province along the Yalujiang River and Tumenjiang River for trade with the Democratic People's Republic of Korea (DPRK) and the Soviet Union.

The state council approved in 1988 the opening of Changlingzi Port under the Huichun Municipality for Sino-Soviet trade. Earlier, the province has opened 11 ports including Shatuozi, Tumen, Changbai and Jian for Sino-Korean trade.

Analysts say these ports will form a "golden triangle" for Sino-Korean and Sino-Soviet trade, which are now expanding.

According to the Jilin Provincial Commission of Foreign Economic Relations and trade, the border trade with the DPRK totalled 127.72 million Swiss francs in 1987, and the figure is likely to be higher in 1988.

The province has started building the Tumen-Huichun-Hunjiang Development Zone which will produce export-oriented new quality products with famous brand names: the Qianguo-fuyu Development Zone which will

specialize in petro-chemical products; and the Nanling-Nanhu Development Zone near Changchun for high-tech development. The planning to establish four enterprise groups specializing in the production of medicines, foodstuffs, chemicals and paper-making to provide a material base for the border trade.

Liaoning's Quan Shuren Addresses Mayors' Forum
*SK0301145289 Shenyang Liaoning Provincial Service
in Mandarin 2300 GMT 28 Dec 88*

[Text] On the afternoon of 28 December Quan Shuren, secretary of the provincial party committee, delivered an important speech at the forum of mayors attending the provincial planning conference and the provincial work conference on conducting reform in economic systems.

In his speech Quan Shuren pointed out: In improving the economic environment and rectifying economic order, our province has initially scored achievements in some fields. Despite the serious shortage of energy resources, funds, raw materials, and transportation, the plan for industrial production has been better fulfilled. The situation in agricultural production has improved. The fixed quota grain procurement has made more progress. The province has made a good start in improving the environment and rectifying the order. However, we still face serious problems and the consequences of these problems accumulated over the past many years with regard to an overheated economy and inflation have not been totally exposed. Therefore, a great deal of hard work will be left for the future. This merits our full attention. Bringing price hikes under control is the matter for which the broad masses of urban and rural residents show the most concern and represents a major indication of achievements in improving the economic environment and rectifying the economic order. The tasks of making the scale of price hikes in 1989 obviously lower than 1988 are quite arduous.

Quan Shuren stated: If we fail to properly deal with the relationships among the tasks of improving the environment, rectifying order, and readjusting, as well as the drive to conduct reform, and fail to stabilize the policies, it will be very possible for us to encounter a standstill in the drive to conduct reform and to open to the outside world and even to return to the old systems. All of these

merit our sufficient attention. Meanwhile, we should refrain from adopting a wait-and-see attitude toward the tasks of improving the environment, rectifying the order, and conducting readjustment and should fully acknowledge problems which have cropped up in these tasks. Therefore, we should find out all difficulties and problems in this regard and analyze them thoroughly. It is desirable for the broad masses of cadres, particularly leading cadres, to keep themselves sober in mind, to take the lead in the work, and to take the initiative in conducting the work. Difficulties in the work are very great indeed. However, we must note that there are many favorable factors in conducting the work. The province has reaped a better agricultural harvest this year by overcoming various natural disasters, and this has laid a solid foundation for us to stabilize the whole situation. In conducting enterprise reform, (757.2 percent) of large and medium-sized enterprise across the province have enforced the responsibility system and 70 percent of small enterprises have enforced the rent system. Thus, enterprises have reinforced their vigor and also strengthened their capability of power consumption. Some technical items imported from outside or resulting from technical renovations have been successively put into operation. Thus, enterprises have obtained a certain technical foundation and reserve strength for development and greatly enhanced their capability of curtailing expenses and increasing incomes. An analysis of the situation leads us to the following conclusion: At present, Liaoning is encountering both difficulties and favorable circumstance. Only by withstanding the test of difficulties, upholding the principle of conducting reform and opening to the outside world, taking the task of improving the economic environment as a turn for the better, unifying our thinking, heightening our spirit, and uniting as one in waging the struggle against the problems will we definitely be able to tide over the difficult period and to improve the province's economy to a new level.

Attending the forum were leading personnel from the provincial party committee, Advisory Commission, People's Congress, people's government, and CPPCC Committee, including Quan Shuren, Li Changchun, Dai Suli, Wang Guangzhong, Sun Qi, Zhu Jiazhen, Yu Xiling, Wang Chonglu, Cheng Jinxiang, Wen Shizhen, Xiao Zuofu, Shen Xianhui, Yue Weichun, Zheng Silin, and Cui Yukun.

TA KUNG PAO Editorial on Reunification
HK0301012189 Hong Kong TA KUNG PAO
in Chinese 31 Dec 88 p 2

[Editorial: "Conforming to Historical Trend To Promote Peaceful Reunification"]

[Text] Due to the concerted efforts made by the two sides of the Taiwan Strait over the past 10 years, gratifying changes have taken place in relations between the mainland and Taiwan. Concerning the mainland, "A Message to the Compatriots in Taiwan" published on New Year's Day of 1979, and the nine-point guiding principles put forward by Ye Jianying in October 1981 on solving the Taiwan problem have laid a foundation for the development of relations between the two sides. Since then, Deng Xiaoping has again proposed an idea of "one country, two systems," so that the entire situation is developing along the lines of being beneficial to eliminating antagonism, increasing understanding, and promoting exchanges and peaceful reunification. As far as Taiwan is concerned, it has also readjusted its policy toward the mainland. The policy of passive opposition has gradually been changed into a restrictively open policy. Although the openness is passive and restrictive, it is still of positive significance.

It should be pointed out that although the Taiwan authorities have made some readjustments with regard to their policy toward the mainland, they have still erected various obstacles to block the development of relations. At a critical juncture, very often they are full of worries, hesitate to act, and remain undecided about whether to pursue an open policy or impose restrictions. On the one hand, the Koumintang [KMT] leaders admit that the positive influence of exchanges between the two sides is greater than the negative influence. They have stated that in the future they will "take the initiative to actively carry out the work for the mainland." On the other hand, they have recently accused "some people of deliberately neglecting the threat and hostility of the CPC to us, so that the public has failed to make a distinction between the enemy and ourselves, or fallen into wishful and romantic thinking of living in peace with each other." They have stressed: "The relations between the CPC and ourselves are antagonistic relations. If we fail to unify the mainland, the mainland will unify us." Some newspapers in Taiwan have maintained that amid the "mainland fervor," the above-mentioned remarks by senior KMT leaders have undoubtedly poured cold water on the development of relations between the two sides of the strait.

People cannot but ask: When relations between the two sides of the strait are increasingly easing and relaxing, why do the Taiwan authorities time and again emphasize the "threat" of the CPC, or the "consciousness of making a distinction between the enemy and ourselves?" Outwardly, they might intend to show that the CPC has not abandoned its intention of "resorting to force," and

"fully isolating Taiwan" in international affairs. Actually, it is a means for confusing right and wrong, and diverting people's attention. It is known to all that the guiding principle of the peaceful reunification of the motherland put forward by the CPC is a well-defined strategic policy decision. It is a definite and firm policy, rather than a nonstrategic expedient measure. This guiding principle conforms with the basic interests of the people of both sides of the Taiwan Strait, and has been praised by the international community. It is completely groundless for the Taiwan authorities to make a big fuss about the intention of the CPC to implement a "non-peaceful guiding principle" to solve the Taiwan problem when necessary, because the "non-peaceful method" will never constitute a "threat" to Taiwan. On the contrary, it is helpful to maintaining the stability of Taiwan and safeguarding the territorial integrity of the motherland. Why does Beijing oppose the "elastic diplomacy" pursued by the Taiwan authorities? A spokesman of the Chinese Foreign Ministry has explained this matter very clearly. The aim of doing so is to uphold the just stand of "one China." This does not mean "fully isolating Taiwan." It is obviously unwise for the Taiwan authorities to try to pursue the "elastic diplomacy" based on the strategy of "two Chinas."

Facts speak louder than words. Our Taiwan compatriots are rapidly waking up. They will make a judgment in accordance with their own experience. They have never "deliberately neglected" the CPC's "threat and hostility." Over the past 10 years, the CPC has put forward a series of rational guiding principles for peaceful reunification of the motherland. Furthermore, it has taken a practical action to eliminate hostility, and to promote the development of relations and exchanges between the two sides. This has been obvious to all, and universally acknowledged. Actually, the Taiwan authorities have understood Beijing's sincerity about the peaceful reunification of the motherland.

Therefore, they have tried to "arouse the fellow countrymen, so that they realize that their country is still in adversity, and that they must make a distinction between the enemy and ourselves." To put it bluntly, their purpose in doing so is nothing but to continue to implement the policy of opposing communism, refusing peace talks, maintaining the split between the two sides, and playing for time for the settlement of the Taiwan problem. However, world tension is gradually easing, and changes have taken place in relations between the two sides of the strait. The masses in Taiwan have an increasingly stronger desire to end the split between the two sides. The state of exercising sovereignty over a country by two governments will not last long. The KMT authorities must give up their selfish and conservative idea to make a resolute decision on promoting the great cause of early reunification.

The two sides of the strait belong to China. Reunification will benefit both sides, whereas a split will be detrimental to them. The great solidarity of the Chinese

nation, and the unity of the state is the common desire of the descendants of the Emperors of Yan and Huang. This will also determine the future of Taiwan. People have every reason to urge the Taiwan authorities to revise their "Three No's" policy as soon as possible, so that a policy for the mainland characterized by "looking forward, openness, practicality, and feasibility" will truly be worked out.

Editorial Urges Early Mainland-Taiwan Contacts
HK0401011089 Hong Kong WEN WEI PO in Chinese
31 Dec 88 p 2

[Editorial: "Standing on Equal Footing, the Two Parties Should Strive for Possible Early Contacts"]

[Text] On New Year's Day of 1979, the NPC Standing Committee issued a "Message to Taiwan Compatriots" which proposed the three establishment policy and the objective for the motherland's peaceful reunification. Because of the long-term confrontation between both sides of the strait at that time, some people believed that it was but wishful thinking by the CPC. A review of the situation across the strait over the past 10 years shows that it is not a "cherished fantasy." Instead, it accords with the will of the people and the trend of the times. Now both sides of the strait have established relations of trade, post, and shipping. More than 400,000 Taiwan compatriots have gone to the mainland to visit their relatives and engage in businesses. Their investment in the mainland is no longer regarded as an act of "bandits." There are bright prospects for cultural and economic exchanges between both sides of the strait.

The emergence of such a situation was unimaginable 10 years ago. The "one country, two systems" concept and a series of proposals made by the CPC leaders constitute a critical turning point which enormously improved the relations between both sides of the strait and narrowed the gap in understanding between the two sides. The people's demand for exchanges and contacts has promoted the progress of contacts between the people of the two sides. The decision made by the late Chiang Ching-kuo on lifting restrictions on visits to the mainland and the policy insisting on "one China" have also created conditions for contacts between both sides of the strait.

A trend of dialogue replacing confrontation has now emerged worldwide. Economic cooperation has prevailed over the disputes in the ideological sphere. Since the Chinese on both sides of the strait are as close to each other as flesh and blood, they should advance hand in hand and develop economic cooperation so that the two sides with different social systems can coexist, enter into competition, and realize reunification on a peaceful basis. It will neither help revitalization of the Chinese nation nor benefit Taiwan's development to get entangled in the ideological differences and old disputes between the parties, continue to be separated and create the "consciousness between the enemy and ourselves" at

the expense of economic cooperation and revitalization of the Chinese nation, and hinder the development of relations between both sides of the strait.

Taiwan needs a stable political situation to develop its economy. However, the "Taiwan independence" forces have stirred up trouble and coordinated with the international forces that intend to cause China's territory to disintegrate. The "Taiwan independence" elements are against Taiwan's return to the motherland, the increasing contacts between both sides of the strait, and the Kuomintang's [KMT] "one China" policy, jeopardizing Taiwan's stability. The "elastic diplomacy" pursued by the Taiwan authorities is undoubtedly a retrogression of Chiang Ching-kuo's "one China" policy. Whetting the ambitions of the "Taiwan independence" elements and paving the way for them to pursue "Taiwan independence," the "elastic diplomacy" is likely to create "two Chinas" or "one China, one Taiwan." This mistake of the Taiwan authorities will threaten Taiwan's security and also sow seeds of endless trouble.

In his speech delivered yesterday, Wu Xueqian reiterated the policy of "peaceful reunification and one country, two systems," showing a willingness to consult all the parties and groups in Taiwan on state affairs, particularly expecting early contacts between the KMT and CPC on an equal footing. This is a proposal that avoids separation and that will be conducive to Taiwan's stability. The Taiwan authorities might react after careful consideration.

There are people in Taiwan who are worried that the "one country, two systems" policy will be disadvantageous to Taiwan and menace Taiwan's development and existence. According to these people, the talks between the KMT and CPC will definitely result in the mainland taking over Taiwan and the CPC exercising control over the KMT.

These are undue worries. Since Wu Xueqian has already stressed equal footing between the two parties, there is no problem of one party being senior to the other. The mainland has also guaranteed that Taiwan's status quo, social system, and Army will remain unchanged; both sides can carry out cooperation on an equal basis, and unite against foreign aggression under the name of one country. Under the name of one country, Taiwan can enjoy a high degree of autonomy, maintain its independent tariff, and continue to develop its foreign trade and economic and cultural exchanges. If a common understanding is not reached, both sides may keep the question of reunification aside for the time being and first discuss economic cooperation and relations between the two sides. So long as there are contacts and dialogue, both sides can increase understanding, change their views, and reach a new understanding.

If the Taiwan side considers official contacts unsuitable, they can first send party and government officials, leading social figures, nongovernmental organizations to

conduct private visits to the mainland to experience the popular feeling and then make a decision. The concepts and life styles of the people in the mainland are changing. Hence, there is plenty of room to seek common ground while reserving differences with Taiwan. Without on-the-spot investigation, the Taiwan side will lag behind the situation and lose the opportunity.

Media Selects 10 Major Events in Taiwan Relations
*HK0101072489 Beijing ZHONGGUO XINWEN SHE
in Chinese 0307 GMT 28 Dec 88*

[Report: "Four Mainland Mass Media Select 10 Important Events in Development of Relations Between the Two Sides of the Taiwan Strait From 1979 to 1988"]

[Text] Beijing 28 Dec (ZHONGGUO XINWEN SHE)—On the occasion of the 10th anniversary of the release of the "Message to Taiwan Compatriots" by the NPC Standing Committee, the OVERSEAS EDITION of RENMIN RIBAO, the Central People's Broadcasting Station, the Home News Department of XINHUA NEWS AGENCY, and ZHONGGUO XINWEN SHE jointly selected 10 important events in the development of relations between the two sides of the strait:

1. On 1 January 1979, the NPC Standing Committee issued a "Message to Taiwan Compatriots," expounding the general policy on the peaceful unification of the motherland and appealing for an end to the military confrontation and disunity between the two sides as soon as possible. The message also placed hope on the Taiwan people and authorities. On the same day, the Ministry of Defense announced the suspension of the shelling of Jinmen and other adjacent islands.

2. On 30 September 1981, Chairman of the NPC Standing Committee Ye Jianying made a speech in which he put forward nine general and specific policies on the peaceful reunification of the motherland and suggested that negotiations on an equal footing between the Communist and Nationalist Parties be held and that links in trade, mail, air, and shipping services between the two sides be established. After the unification of the motherland, Taiwan is to become a special administrative zone and enjoy a high degree of autonomy. The existing social and economic systems will remain unchanged. On 4 December 1982, the Fifth Session of the Fifth National People's Congress approved the Constitution of the People's Republic of China, which specifically stipulates that the state shall set up special administrative zones when necessary.

3. On 26 June 1983, Deng Xiaoping advanced thoughts on the peaceful reunification of the motherland. Peaceful reunification does not mean that the mainland will swallow Taiwan or the other way round. After the unification, Taiwan will pursue a system different from

that applicable in the mainland. On 22 February 1984, Deng Xiaoping further suggested in set terms the application of the concept of "one country, two systems" in unifying the country.

4. From 17 to 20 May 1986, the China National Aviation Corporation and China Airlines entered into negotiations in Hong Kong and reached an agreement on matters related to the handing over of the crew and goods on China Airlines' Boeing 747 cargo aircraft No B198, which landed at Baiyun Airport in Guangzhou on 3 May.

5. On 15 September 1987, Li Yongde and Xu Lu, reporters from Taiwan's TZU LI WAN PAO [SELF-RELIANCE EVENING NEWS], arrived in Beijing by way of Tokyo. They were the first Taiwan journalists to openly come to China to gather news in 38 years.

6. On 14 October 1987, the Standing Committee of the KMT Central Committee passed a resolution allowing Taiwan people who have one of three specified types of relatives in Mainland China to go there for family reunions. On 16 October, the General Office under the State Council published regulations for receiving Taiwan compatriots who come to the mainland for family reunions.

7. On 13 October 1987 Chairman of the KMT Chiang Ching-kuo died in Taipei. On 14 January [as received], the CPC Central Committee sent a message of condolence, and General Secretary of the CPC Central Committee Zhao Ziyang gave a talk in which he reiterated that the CPC's policy on peaceful unification of the motherland remains unchanged and expressed the hope that the KMT's new leader would make positive efforts to put an early end to the disunity and achieve the peaceful unification of the motherland.

8. On 3 July 1988, Premier of the State Council Li Peng signed "The State Council's Stipulations on Encouraging Taiwan Compatriots To Make Investments in China."

9. On 14 July 1988, 34 members of the Advisory Council of the KMT Central Committee, headed by Chen Lifu, put forward a bill entitled "Unification of China by Means of Culture," in which they maintained that China should be unified through peaceful means and advocated dialogue and consultation and mutual trust and cooperation. They also advanced some specific thoughts. On 15 July, General Secretary of the CPC Central Committee Zhao Ziyang pointed out: Both sides of the strait have much in common politically, economically, and culturally on the matter related to the national unification, and there exists a profound foundation. On 7 September, RENMIN RIBAO published a commentator's article entitled "Both Sides Should Have Faith in and Cooperate With Each Other and Promote National Unification."

10. On 9 November 1988, the Taiwan authorities announced conditional permission for mainland compatriots who wish to go to Taiwan to visit relatives who are ill or to attend the funeral of a parent or grandparent.

Taiwan Group on More Flexible Mainland Policy
HK0401031189 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1224 GMT 28 Dec 88

["Taiwan's 'National Assembly Party and Political Research Committee' Suggests More Flexibility in Taiwan's Mainland Policy"—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong 28 Dec (ZHONGGUO TONGXUN SHE)—Taipei sources: Taiwan's "National Assembly Party and Political Research Committee" has recently suggested that ideological confrontation be lowered in mainland policy, with greater flexibility in its readjustment to strengthen non-government ties and communications between the two shores, when a conclusion was adopted in the "research in the present phase of mainland policy."

Included in the suggestion are:

1. The basic policy of reunifying China on the basis of the Three Principles put forward by Dr Sun Yat-sen should remain unchanged, with the connotation of "reunifying China on the basis of liberty, democracy, freedom, and equal opportunity to acquire wealth" to strengthen its appeal.
2. The implementation of the "Three-No's Policy" should be continued; however, flexible responses and appropriate readjustment should be made in accordance with the evolution of the conditions between the two shores.
3. The range of people visiting relatives on the mainland should be gradually expanded, with the ranks of visitors increased.
4. It has been rather difficult to control reporters covering the mainland under the pretext of visiting relatives; it would be best to face reality and lift the ban.
5. Contacts and communications with mainland students studying abroad as well as visiting scholars should be strengthened.
6. The ban on non-government academic and cultural exchanges as well as those in art, physical culture, and sports should be lifted; non-government organizations should be given aid in attending various conferences and sports contests with participants from the mainland; control over mainland publications and materials concerning the mainland should be relaxed.

7. Entrepot trade should be continued, as it is favorable to both shores, with the procedures simplified and relevant laws revised, so that businessmen may not violate the law. When necessary, free trade zones should be set up, in which direct trade may be conducted with the mainland.

Minister Invites Taiwanese to Stamp Exhibition
OW3012204288 Beijing XINHUA in English
1611 GMT 30 Dec 88

[Text] Beijing, December 30 (XINHUA)—Minister of Posts and Telecommunications Yang Taifang today invited Taiwan stamp lovers to participate in the China national philately exhibition, which will open next October in Beijing.

He said in his New Year speech that the free transmission of mail across the Taiwan Straits is a topic of concern with the people both on the mainland and in Taiwan.

According to statistics, the number of items of mail from Taiwan to the mainland had reached over 1.3 million by the end of October and those from the mainland to Taiwan, over one million.

In 1979 China opened ordinary and registered mail services to the island province, Yang said, and telephone and telegram services on a trial basis. In April this year Taiwan began to handle mail from Taiwan residents to the mainland.

He said he hoped that his department's counterparts across the straits would make haste to discuss the normalization of posts and telecommunications.

Taiwanese Film Director Meets Yan Mingfu
OW3012160788 Beijing in Mandarin to Taiwan
0400 GMT 28 Dec 88

[Text] Bai Jingrui, a noted film director in Taiwan, returned on 24 December to the mainland to visit his relatives. He met with friends and relatives who have not seen him for more than 40 years. He also went to Haicheng, Liaoning Province, to pay respects to his dead parents at their tombs.

During his stay in Beijing, Bai met with his good friend Yan Mingfu, vice chairman of the CPPCC National Committee. He also visited the Beijing Movie Studio, Beijing Film Academy, and Central Television Station. He had cordial talks with people in movie and television circles.

Bai will also go to Chongqing to visit his elder brother. He will meet people in movie and television circles in Shanghai, Nanjing, and Guangzhou.

Trade Ministry Department for Taiwan Formed
OW3012200488 Beijing XINHUA in English
1626 GMT 30 Dec 88

[Text] Beijing, December 30 (XINHUA)—In line with a State Council decision, China's top foreign trade authorities have set up a special department to facilitate growing business ties between the mainland and Taiwan.

The department, under the Ministry of Foreign Trade and Economic Relations (MOFERT), is responsible for drafting trade and economic policies vis-a-vis Taiwan, and managing import and export business with the island province and Taiwanese investment on the mainland.

The department will start functioning from January 1 next year together with the restructured MOFERT, which has undergone an organizational reform approved by the State Council.

Beginning this year, business relations across the Taiwan Straits have made remarkable headway. Both the mainland and Taiwan are now important trade partners to each other, bringing their indirect trade this year to 2.4 billion U.S. dollars, up by 60 percent from 1987.

Compatriots from Taiwan have already made investments worth a total of 400 million U.S. dollars in over 300 projects on the mainland.

MOFERT reduced its staff by 22 percent after its long-discussed structural reform. It plans to add 25 specially-appointed agencies throughout the country in a bid to promote the reform of China's foreign trade structure.

Since the organizational reform the ministry will no longer engage in day-to-day business deals. Instead, it will function under the State Council to coordinate China's trade and other foreign-related business.

Commentary on Taiwan Investments on Mainland
HK0401015989 Beijing ZHONGGUO XINWEN SHE
in Chinese 0749 GMT 29 Dec 88

[Commentary: Five Changes Have Been Witnessed in Taiwan Businessmen's Investments on the Mainland]

[Text] Beijing, 29 Dec (ZHONGGUO XINWEN SHE)—If we compare investments by Taiwan manufacturers in the mainland in the past 9 years to "drops and trickles," then this year's can be seen as continuous flows of a "long river." From the development of the five changes we can see how high the surge of investment is, and also the courage of Taiwan businessmen in breaking through the Taiwan authorities' prohibition.

The biggest change in Taiwan businessmen's investments on the Mainland is the enormous growth of investment amount compared with the sluggish investment growth before.

In the past 9 years, Taiwan businessmen's investment in the mainland totaled about \$100 million. This year alone it reached \$400 million; Fujian alone topped \$80 million out of this investment amount. Although it does not represent a large proportion in Taiwan's total foreign investment—Taiwan's investment in Thailand this year is expected to top \$500 million, and \$400 million in the Philippines—in its 10 years of investment on the mainland this year's growth in investment amount is the highest. In it the amounts of single-item investments have also grown considerably: For a single item of investment it used to be thousands or tens of thousands in U.S. dollars. This year a single investment on the average amounts to around \$1 million.

The range of investment has expanded from a narrow to wide basis. This is the second change.

In the past 9 years, the range of investments by Taiwan businessmen was extremely narrow, and the types of goods comprising the investments were low grade. Although the mainland industries having investment by Taiwanese businessmen are still medium- and small-size entrepreneurs this year, their range of investment is not the same. Industries such as shoe making, garments, electronics, petrochemical works, mechanical and building materials, agriculture-related fields, aquatic breeding, and hotels are all involved. Not only that; the quality has also been raised. Taiwan-funded manufactured products such as rubber products for silicon electric-conduction have filled the gaps in this area of mainland industries.

The region of investment has moved and developed from along the coastal region to provinces and cities in the interior regions. This is the third change.

For the past 9 years, nearly all of the Taiwanese businessmen invested their capital in Fujian, Guangdong, Zhejiang or Shanghai. But this year they boldly made inroads in provinces and cities in the interior regions. A Taiwan compatriot-invested trade consultation company in Beijing revealed that there are 10 Taiwan-invested projects under construction in Beijing, and over 20 projects are currently under discussion. The total usable amount of Taiwanese capital is expected to be over \$110 million. The enthusiasm of Taiwanese businessmen can be glimpsed here. Indeed, whether it is Hunan, a province rich in rice and rice production, or the heavenly country of Sichuan, the fact is that many provinces and cities in the interior regions have been absorbing Taiwan's capital, and the momentum is strong.

The form of investment has changed from cooperative operation to independent investment. This is the fourth change.

For the past 9 years, Taiwan businessmen had worries over the safety of enterprises and were not willing to make independent investment. At first they invested on

the mainland through Hong Kong or overseas channels, deceiving both Taiwan and the mainland. Later, as things changed, they kept deceiving Taiwan and, this time, took precautions against the mainland. Now a vast number of enterprises solely funded by Taiwan businessmen are setting up on the mainland, with about 30 enterprises in Fujian alone. This shows that the investment confidence of Taiwan businessmen this year has greatly increased.

Investment activities have changed from individual to group style. This is the fifth change.

For the past 9 years, most investment activities by Taiwanese businessmen were individual-based. This year a spectacular event occurred: Trade-organized teams came to the mainland in groups for investment activities. Taiwanese businessmen in Guangzhou have even openly organized trade associations.

Looking at the coming year, it is certain that the momentum of the five changes mentioned above will not weaken. This can be seen from the year-end conditions: Taiwan manufacturers are coming in swarms to the mainland to study the investment environment, with the number of business items under negotiations running into tens of thousands. Businesses like the mainland property market and computer market have drawn the attention of Taiwanese businessmen. Without a doubt, the upsurge of Taiwan compatriots returning to the mainland for visiting relatives or touring will inevitably create an upsurge of investment and trade. The percentage of the total number of Taiwan compatriots coming to the mainland for business in the second half of this year has risen from 31 percent in the first half of the year to 66 percent. The mainland will be paying more attention to the investment environment for Taiwan businessmen. Some local authorities have started considering delimiting investment zones, and have plans to improve aspects in providing economic and trade information, raise work efficiency, and so on. This will help deepen economic and trade relations between the two shores.

But these developments do not presage that Taiwan businessmen have entered "an ocean vast enough for fish to swim freely." The strict prohibition by the Taiwanese authorities on going to and investing in the mainland, without regards to the interests of enterprises on the island and reproach by public opinion on the two shores, is the greatest barrier. This move does not win the hearts of people at all.

However, it is already well-nigh impossible for prohibition. Do not you, gentlemen, know the way of water, which will flow all the more swiftly when being divided by a sword? The Taiwan authorities will have no way of stopping the continuous flows of the "long river" in which Taiwanese businessmen visit and invest in the mainland.

Taiwan Becomes Leading Investor in Xiamen
OW2912200188 Beijing XINHUA in English
1459 GMT 29 Dec 88

[Text] Xiamen, December 29 (XINHUA)—Taiwan has outstripped Hong Kong and Singapore to become the No. One overseas investor in Xiamen, in south China's Fujian Province, with 100 Taiwan-invested projects, worth a total of 140 million U.S. dollars, approved this year.

Taiwan businessmen are allowed to invest in tourism, building, transportation and real estate.

They also enjoy a free choice of contracted projects, sole management or third-party management, besides equal income tax treatment as foreign businessmen.

Customs, banks, and labor, insurance and transportation departments have been asked to give priority to Taiwanese businessmen in the Xiamen Special Economic Zone. Meanwhile, direct air and shipping lines have been opened to Hong Kong, Singapore, Manila and Japan.

Some Taiwan businessmen have begun to shift their workshops to the mainland and some will simply buy workshops or buy land to build their own workshops and employees' dormitories. Others have applied to develop an industrial development area for Taiwan investment.

Their interests range from light industrial goods, electronics and precision machines to plastics, most of which will be sold abroad.

So far, some 30 enterprises funded by Taiwan businessmen have started operations in the Xiamen zone, and four of them have increased their investment by millions of dollars to expand production after making profits this year.

More on Xiamen Investment
OW0301205989 Beijing XINHUA in English
1527 GMT 3 Jan 89

[Text] Xiamen, January 3 (XINHUA)—The Xiamen City Chamber of Commerce in Fujian Province has done a lot to promote business dealings between the mainland and Taiwan, XINHUA learned here today.

According to local officials, now almost 10 Taiwan business groups have become its members.

The chamber has helped Taiwan business people to land investment projects and solve problems in their trade dealings.

Over the past a few years, the chamber has received over 30 delegations, including those from the United States, Peru, Thailand and Singapore, made up of 5,700 businessmen.

Last September, a Taiwan businessman went to Xiamen hoping to start a business of his own in the city and he succeeded with the help of the chamber.

Now the chamber has got its name around among Taiwan businessmen, they would approach the chamber for help when they came across the strait via Hong Kong.

The Xiamen Chamber of Commerce was founded in the Qing dynasty when Emperor Guang Xu was in power (1875-1908). At that time, half of the chamber members were from Taiwan.

Resale of Profits by Taiwan Investors Banned
HK0301151789 Hong Kong MING PAO in Chinese
31 Dec 88 p 9

["Special Dispatch": "Resale on Free Market of Profits Earned on Mainland by Taiwan Investors Banned"]

[Text] Huang Kaiwang, Director of the Investment and Trade Service Center for Taiwan Compatriots in Fuzhou City, told this MING PAO reporter that Fujian Province will not limit the sale of products produced by enterprises involving investment made by Taiwan businessmen so long as these enterprises can maintain a balance in their foreign exchange income and expenditure. The Renminbi profits reaped by the Taiwan investors are not allowed to be converted to foreign currencies on the black market and remitted out of the mainland in violation of the relevant policy.

Huang Kaiwang said: The Investment and Trade Service Center for Taiwan Compatriots in Fuzhou City has received more than 1,000 would-be investors who came to Fuzhou to seek investment opportunities. This is the first investment and trade service center for Taiwan compatriots in the whole country. More and more Taiwan compatriots now have an interest in making investment and seek consulting services, but such services are inadequate. So it is necessary to set up such investment service centers; their functions will not overlap those of other institutions.

He said: Some 400,000 Taiwan residents' lineage roots are in Fuzhou, and more Taiwan residents have their ancestral home in other parts of Fujian. After viewing the conditions in Fujian, many Taiwan compatriots are intending to make investments in their homeland. Xiamen City has attracted the most Taiwan investment and has concluded more than 70 investment contracts with Taiwan businessmen. Fuzhou City ranks second and has concluded more than 40 investment contracts involving a total investment of more than \$50 million. More than 10 investment projects have begun operation.

At present, Taiwan businessmen are mainly running small or medium-sized enterprises on the mainland to conduct labor-intensive production. Fuzhou also hopes that Taiwan investors will set up high-technology enterprises.

Huang Kaiwang said: The Renminbi profits reaped by Taiwanese-owned enterprises through selling their products on China's domestic markets should be used for reinvestment or other legal purposes, and must not be converted into foreign currencies on black markets and then brought out of the mainland.

It was learned that most of the Taiwanese-owned enterprises are now managed by relatives of the Taiwan investors or by managers they employed in Hong Kong.

Huang Kaiwang said that Taiwan investors like to run enterprises solely owned by themselves, and such enterprises now account for one-third of all investment projects. Aside from productive projects, Taiwan businessmen are more interested in investing in real estate. But Huang Kaiwang said that it is undesirable to develop too many non-productive projects and certain restraints will be imposed in this respect.

Taiwanese Ships Call at Mainland for Repairs
HK3012025488 Beijing CHINA DAILY in English
30 Dec 88 p 2

[By staff reporter Xie Songxin]

[Text] Taiwanese vessels are now calling on mainland shipyards for their repairs.

About six cargo ships of 10,000 to 20,000 tons left the shipyards this year, according to a senior official of the China State Ship Building Corporation (CSSC).

He said these ships, none of which flew a Taiwan flag, were repaired in Shanghai, Dalian and Guangzhou.

Reasonable prices, good quality and ship-repairing facilities improved with \$4 million worth of imported equipment over the last three years have made China's ship repairing industry internationally competitive.

Bi Yueran, managing director of CSSC's ship repairing department, said the corporation repaired 781 ships, including 287 vessels owned by overseas firms, from January through November. The corporation expects that number to rise to about 850 ships by the end of this year.

In the same 11-month period, the industry's business volume reached nearly \$100 million. Its foreign exchange earnings came to \$22 million, compared with \$16 million during the same period in 1987.

Chinese shipyards in coastal cities have repaired ships from more than 20 countries and regions, including Hong Kong, the Soviet Union, Cuba, Eastern and Western European countries and the United States.

"Despite increased competition from South Korea, Singapore and other countries, and recovering shipyards in Western Europe, CSSC won several new clients in 1988," Bi said.

CSSC repaired more than 10 vessels from Iran this year, which only recently ended its eight-year war with Iraq.

China began repairing Soviet ships last year after a 23-year break caused by the deterioration of Sino-Soviet relations in the 1960s and 1970s.

More than 10 Soviet ships have been repaired by CSSC shipyards this year with a business volume of 20 million Swiss francs, compared with 7.5 million last year.

The captain of a Soviet cargo ship which was repaired at Dalian, Liaoning Province, within 76 days said he hadn't expected the Chinese could provide such high quality repairing so quickly and at such a low cost.

He said his ship's previous repairs, in another country, took an entire year.

The corporation also repaired a 20,000-ton Soviet ice-breaker. "The project required more complicated technology," Bi said. "However, we did it successfully."

The managing director predicted that orders from overseas clients will keep increasing next year.

CSSC is negotiating with the Soviet Union over barter trade for repairing vessels and other projects in addition to those covered by the trade pact between the two governments.

The Soviets recently agreed to trade fish for ship repairs.

Ministry Sends Message to Malaysia on Fishermen
OW3112060488 Taipei CNA in English 1517 GMT
30 Dec 88

[Text] Keelung, Northern Taiwan, Dec 30 (CNA)—The Government of the Republic of China [ROC] has expressed its dissatisfaction over Malaysia's mistreatment and torture of ROC fishermen arrested by its Navy, and has urged the Malaysian authorities to treat the ROC citizens humanely, fishery sources in Keelung, northern Taiwan, said Friday.

The sources said the message from the ROC Foreign Ministry was relayed to Malaysian authorities through the Red Cross Society of China and the Chinese Association for Human Rights and their Malaysian counterparts.

According to the Foreign Ministry, the crew members of four Keelung-based ROC fishing boats were robbed and tortured by Malaysian Navy personnel after their boats were seized by Malaysian gunboats on open seas near the Spratly Islands on Aug. 21.

The captains of two of the four fishing boats returned to Taiwan recently and accused the Malaysian naval crews of taking away the fishermen's clothes, watches, rings and cash, of beating them with rifle butts, and of refusing to give them food until they had been transferred to a detention house on land. Even in the detention house, they were treated poorly, the captains were quoted as saying.

The Foreign Ministry said in its letter that the ROC Government could not accept the way the Malaysian authorities have been treating the arrested ROC fishermen and demanded that Malaysia treat the fishermen in accordance with international laws and customs.

Vice Foreign Minister Returns From U.S., Canada
OW3112045988 Taipei CNA in English 1514 GMT
28 Dec 88

[Text] Taipei, Dec 28 (CNA)—Vice Foreign Minister John H. Chang returned to Taipei Wednesday after spending more than three weeks visiting the United States, Canada and South Korea.

Chang left on Dec. 4 for U.S. During his stay, the ranking ROC [Republic of China] official made whirlwind visits to a number of states for a series of speeches in which he promised that the ROC would do its utmost to import more American products and to improve the trade imbalance between the two countries.

The vice minister then proceeded to Canada where he consulted with senior Canadian officials on ways to simplify visa procedures for ROC businessmen and visitors. Their discussions, informed sources said, also touched on the possibility of the ROC opening a representative office in that country.

Chang is the first ROC official to visit Canada in recent years. Canada, like the U.S., does not maintain diplomatic ties with the ROC.

On his way home, Chang made a three-day private visit to South Korea, one of the ROC's most important allies and biggest trade rival in East Asia. He was greeted on his arrival back into the country by Vice Foreign Minister Charles Shu-chi King.

Vice Minister Chang will report on the latest developments in ROC-Canadian relations and on the other accomplishments of his just-ended visit at a press conference Thursday, the Foreign Ministry said.

Representative Office Planned
OW3112054888 Taipei CNA in English 1540 GMT
29 Dec 88

[Text] Taipei, Dec 29 (CNA)—With ROC [Republic of China]-Canada substantive relations improving, the government is planning to reestablish representative offices in that Northern American country, Vice Foreign Minister John H. Chang said Thursday.

Chang told reporters that the Canadian Government is not opposed in principle to the establishment of an ROC representative office in Canada, but that the two parties must discuss further related details.

The Canadian Government has agreed to speed the processing of visa applications by ROC citizens and also to grant entry permits to the holders of official ROC passports, Chang said.

Turning to ROC-U.S. relations, Chang said that the new administration of President-elect George Bush is expected to follow established policy, so Taipei-Washington ties should continue strong and stable.

The vice foreign minister returned home Wednesday after visiting the United States, Canada and South Korea. In addition to inspecting ROC offices there, he had fruitful talks with government officials in all three countries.

Meanwhile, Chang's good news on the improvement of ROC-Canadian ties has boosted China Airline's [CAL] hopes of opening a Taipei-Vancouver route.

A CAL official said Thursday that if relations between the two governments improve, negotiations between civil aviation companies should become much easier.

Presently, Thai Airways is the only Asian airline serving the Taipei-Seattle-Toronto route.

Trade With Europe Increases in Jan-Nov 88
*OW0201142089 Taipei CNA in English 1120 GMT
2 Jan 89*

[Text] Taipei, Jan. 2 (CNA)—The Republic of China's [ROC] bilateral trade with Europe continued to expand considerably in the year past due to the ROC's efforts to diversify markets around the world amidst growing protectionism, trade sources said Sunday.

During the 11-month period from January through November in 1988, outbound and inbound shipments between the ROC on Taiwan and European nations amounted to US\$16.49 billion, growing by 38.8 percent over the level for the corresponding months in 1987, statistics conducted by the private Euro-Asia Trade Organization revealed.

Exports to Europe in the January-November period were priced at US\$9.04 billion, and imports from Europe reached US\$7.45 billion.

In the like period last year, the country's shipments to and from the European Community's 12 nations accounted for 83.8 percent of the ROC's total trade with Europe, an official of the Euro-Asia Trade Organization said.

Among European countries, West Germany was the largest trading partner with the ROC, hitting US\$4.08 billion, followed in second by Britain totaling US\$2.79 billion.

The ROC-Dutch trade was valued at US\$2.24 billion in the 11-month duration last year, and the transactions with France were given at US\$1.45 billion.

Italy's two-way trade with this country hit US\$1.36 billion, the statistics indicated.

Businessmen Promote Trade
*OW3012055388 Taipei CNA in English 0301 GMT
30 Dec 88*

[Text] Taipei, Dec. 30 (CNA)—Enterprises in the Republic of China [ROC] are enthusiastically responding to the China External Trade Development Council's [Cetra] call to promote trade with Europe by leasing offices or show space in Taiwan trade centers in West Germany and Holland when they open early next year, a Cetra spokesman said Thursday.

The Cetra's Taiwan trade center in Hamburg is expected to open for business March 6. It will accommodate eight offices and 77 show rooms, the spokesman said, adding that the spaces are fully booked.

Eighty percent of the offices and show rooms at the Taiwan trade center in Dusseldorf, West Germany, expected to become operational in March, are also

booked, thus indicating that local enterprises are eager to enhance trade with European countries, the spokesman said. The Dusseldorf center will accommodate 20 offices and 120 show rooms.

As to the Taiwan trade center for Rotterdam, Holland, the spokesman said that construction work began in October, 1988, and is expected to be completed in April, 1989. The center plans to begin operations in July. It will accommodate 12 offices and 150 show rooms. Cetra will begin to accept lease applications from Jan. 5, 1989, the spokesman said.

Commentaries on Opposition Incident in Assembly

Law, Order At Meetings Urged
*OW0101070289 Taipei Domestic Service
in Mandarin 2300 GMT 25 Dec 88*

[Station commentary by (Hsia Chang-mo): "Unreasonable Phenomenon Should Not Be Tolerated To Continue in a Despotic Manner Unchecked"]

[Text] We Chinese have always considered ourselves in a state in which the code of etiquette and protocol prevails. In particular, the knowledge of etiquette and protocol have become the established practice and rule governing people's behavior as they try to get along with each other. However, regrettably, the people in our society today not only lack the sense of abiding by the law that Western countries have, but also have completely forgotten about courtesy and etiquette, in which we used to take so much pride. It is indeed a phenomenon that deserves our sharp vigilance.

The meeting commemorating the implementation of the Constitution held on 25 December was originally a commemorative ceremony of the state. According to conventional practice, President Li, the head of state, is invited to preside over the meeting, which is attended by delegates to the National Assembly. There are similar commemorative ceremonies in every country of the world. When the head of state enters the assembly hall, everyone present is required by protocol to rise and clap hands to show respect.

However, 11 delegates of the opposition Democratic Progressive Party [DPP] to the National Assembly hindered and disrupted the procedure of the meeting by various means before the meeting began. As a result, the head of state was unable to enter the assembly hall to preside over the meeting. At last, Mr Ho Yi-wu, secretary general of the meeting, was forced to exercise the right of calling in the police to maintain order. The 11 DPP delegates to the National Assembly were dragged out of the assembly hall by guards so that the meeting could proceed as planned. Comparing such an occurrence in our country to that in foreign countries, we find that some of us do not even respect the head of state or know

how to observe the procedures and order at a meeting place. Without basic courtesies and etiquette, how can we talk about carrying out democracy?

At present in our society there are two unhealthy attitudes. One is that people do not persevere in lawful and correct matters to see to their implementation. If the government does not succeed in its efforts, it is failure to perform official duties on the part of personnel concerned. When confronted with external interference, the government should remove it by exercising the authority vested by the people, so as to carry out correct principles. In so doing, the government is duty-bound not to turn back; otherwise, who else can maintain justice in society?

Taking the meeting held on 25 December to commemorate implementation of the Constitution as an example, it was neither a convention of the National Assembly nor a meeting of the Legislative Yuan. The delegates of the National Assembly who were present there did not have the right to speak and discuss motions nor the privilege of exemption from responsibility and prosecution at a meeting place. The handful of ignorant delegates of the National Assembly thought they could play the same tricks used at the meeting to mark the Constitution last year and could show off by creating a sensation. They really failed to take stock of the situation. After they were evicted from the assembly hall, the meeting was at last held smoothly. In this case, the exercise of the right to call in the police for help was necessary. It is a positive attitude giving play to the role of the government authority vested by people and should be affirmed. Some people question whether or not the right to call in the police for help should be exercised. If the police were not sent in under the circumstances, what were we to do? Let the Kuomintang delegates to the National Assembly step forward to engage in a melee with their DPP counterparts, cause the meeting to be aborted, and let the situation become the laughingstock of the people at home and abroad?

Furthermore, we should like to solemnly and justly point out another unhealthy attitude in our society today: A handful of dissidents are obsessed with and play some violent games. Of course, as the society becomes more liberal, the views of the minority should be even more respected. Nevertheless, we cannot let the majority submit to the minority, as it will then become a game of violence played by the minority endangering the masses in the society instead of a democracy under which the minority submit to the majority. In the past year, the handful of dissidents have always thought they could force their opponent to yield so long as they dared to fight in public. To be blunt, this is egotism. Taking the Constitution commemoration meeting of 25 December as an example, the Kuomintang party committee in the National Assembly did its best to coordinate with the DPP in the hope that the latter would show respect for the head of state, thereby allowing smooth progress of

the meeting. However, the handful of people who are obsessed with showing off by stirring up conflicts in public always obstinately stick to their wrong course. This is regrettable indeed.

We are confident that the people in society support the National Assembly's exercise of the right to call in the police to clear the assembly hall and maintain order there on 25 December, because what the people expect is a society that upholds the law and observance of discipline and etiquette. The people do not want a lawless society in which violence and chaos prevail.

Further on Controversy

OW3112055488 Taipei International Service
in English 0200 GMT 29 Dec 88

[Station commentary: "The Ruckus in the National Assembly"]

[Text] The after-effects of last Sunday's ruckus in a ceremonial meeting of the National Assembly are still flaming controversy in political circles in the Republic of China on Taiwan. Naturally, the battle lines are drawn clearly between the majority party and members of the opposition. Commentary for the Voice of Free China, this is Joanna Fu:

It all started when the National Assembly gathered to hold its annual Constitution Day ceremonies at the Chung Shan Hall in Taipei. Security police were alerted ahead of time that the 10 members of the opposition Democratic Progressives in the National Assembly were planning to disrupt the keynote speech of the meeting, delivered by President Li Teng-hui.

The ruckus began even before the president arrived. Opposition members discovered that they were surrounded in the seating arrangement by plainclothes security guards. They protested the treatment by standing and shouting. This went on for a few minutes until the secretary general of the National Assembly, with a little help from Wego Chiang, ordered the removal of the opposition deputies.

Exit the opposition, enter controversy. The secretary general got away with the order despite widespread, lingering doubts that he or anyone else had the authority to expel the opposition members. The opposition has kept the issue on the front burners of Taipei politics. They claim that they were wrongly treated and that their immunity as National Assembly members was violated.

In the aftermath, legal and constitutional scholars tend to agree with the opposition, at least on that technicality.

But on this issue of acceptable behavior, the opposition deputies fall far short of the mark. What worried the secretary general and others was that the opposition appeared unprepared to show any respect for the dignity

of the Presidency, the National Assembly, or the ceremonies marking Constitution Day. To preclude any ugly outbreaks of unwieldy behavior, the Assembly leadership took the difficult decision to oust the opposition ahead of time.

The issues touted by the opposition are equally controversial, but not beyond the realms of decent dialogue among competing political interest groups. The opposition assemblymen want a general election, so that the majority of the deputies, who were elected in 1948 on the China mainland and frozen in office since, can finally be replaced. In the past year or so the opposition has become more and more vocal about the existing representation system, and has called on the senior deputies to voluntarily step down from office.

All that sounds fine and dandy. The problem is that the majority party, the Kuomintang, has stolen the thunder on the issue out from under the opposition. The Kuomintang is moving with customary caution in setting forth proposals to handle the voluntary retirement of the senior deputies. All that remains is that haggling over the various incentives plans; what is certain is that the Kuomintang is demonstrating that it is just as committed to rejuvenating the nation's parliamentary bodies as the opposition.

Perhaps this is why the opposition makes so much noise, even to the point of being censured by the majority party. Their opposition platform is giving way to the majority party's reforms, leaving them with little else but shout. When all the political dust clears, it will be clear that this is the case.

Minority Hakkas Demand Equality in Language
OW3112055688 Taipei International Service
in English 0200 GMT 29 Dec 88

[Text] Taiwan's minority Hakka population sponsored the island's first demonstration demanding equality of language in Taipei on Wednesday afternoon. Over 10,000 Hakkas took part in the march, sponsored by the Hakkas' Rights Promotion Association. The march started at the Sun Yat-sen Memorial Hall and ended at the Legislative Yuan where they presented a petition for the right to air television programs in the Hakka dialect.

At a press conference on Tuesday, chairman of the Association (Chang Tzu-ching) said: The march is to protest the banning of Hakka language in TV programs, a policy the government has adopted to unify the language here.

(Chang) said: Of Taiwan's 20 million residents, over 4 million are Hakkas, but they are deprived of the right to view TV programs in the Hakka dialect under the broadcasting and telecasting law. The law establishes Mandarin as the official language for local broadcasting programs, and programs in dialect should be reviewed (?annually).

(Chang) noted that the number of people able to speak Hakka has been on the decline, and if Hakka TV programs are aired, young people would have a chance to learn.

Meanwhile, the Government Information Office [GIO] said on Tuesday that there are no dialect restrictions on TV programs. The GIO said it welcomes programs produced in Hakka; and in fact, it has asked the three local TV companies to produce such programs.

The GIO also noted that one network has decided to air a half hour Hakka program beginning next January.

Hong Kong

FRG Firm in Hong Kong Denies Libyan Ties
HK0401060589 Hong Kong HONGKONG STANDARD
in English 4 Jan 89 p 6

[By Mark Brickwell]

[Text] The West German Consulate said yesterday it had no evidence a West German firm used Hong Kong in a covert plan to send materials to a Libyan plant accused of producing chemical weapons.

United States officials said Monday the company—Imhausen Chemie—shipped material through Hong Kong and other Asian ports to conceal its actual destination.

Hong Kong banks were used to create a complex financial maze that further concealed the Libyan purchase, U.S. State Department officials said.

But a West German consular spokesman said no evidence had been provided to support the accusations.

He said authorities in Bonn were investigating the matter, "but we have seen nothing yet to make us suspect that the claims are true."

Imhausen Chemie's President Mr Juergen Hippenstiel-Imhausen repeated denials yesterday that the company was involved with the plant.

"We do not have the necessary know-how to produce chemical arms, and we would not do so anyway because we are a serious company," he told West German radio.

An Imhausen Chemie spokesman, Mr Rolf Weber, said on Monday the company had business dealings in Hong Kong, but would not provide details.

"They involve, in a major part, a pharmaceutical contract with a Chinese customer," he said.

The West German Consulate said it had been unable to uncover any information about Imhausen's operations in the territory.

"I doubt that they have an official branch here," a commercial attache said.

"We have more than 300 German companies on our lists and we know them all. Imhausen Chemie is not among them."

The attache said it was possible the company traded under a different name or kept a small number of representatives here.

U.S. Dumping Ruling Said 'Psychological Boost'
HK0201074489 Hong Kong SOUTH CHINA
MORNING POST in English 2 Jan 89 p 2

[By Mary Ann Benitez]

[Text] Hong Kong has received a boost from the United States after a ruling that the territory is not involved in the "dumping" of thermostatic plugs in their country.

After an eight-month investigation into allegations of dumping by five countries, including Hong Kong, the U.S. Commerce Department has concluded that Hong Kong-made thermostatic devices were not being sold in America at less than a fair price.

Hong Kong Assistant Director of Trade Christopher Jackson made the announcement yesterday as the territory's exporters of denim cloth and video cassette tapes face investigations from the European Commission for alleged dumping.

Last week, eight Hong Kong video cassette makers were slapped with special duties in Europe because they were allegedly dumping their products at unfairly low prices.

Mr Jackson said the U.S. findings were considered more of a "psychological boost" for the beleaguered industries because of the small export volume of the thermostatic gadgets, most of which were manufactured by one local company.

"The volumes are small but it is a matter of principle," he said.

"It is a good demonstration of the fact that dumping does not make sense for Hong Kong businesses, because they are subject to direct market forces and receive no Government subsidies."

In April, a petition was filed with the U.S. Administration alleging that imports of thermostatically controlled appliance plugs and probe thermostats from Canada, Japan, Taiwan, Malaysia and Hong Kong were being sold at less than a fair price in the U.S.

While Hong Kong was cleared of the allegations, the Commerce Department did rule that the other four countries had been dumping. Investigations into those cases will continue.

Dumping is seen as an unfair practice by manufacturers who are trying to break into a new market by offering products at a loss. These exporters can virtually wipe out competitors before moving in and dictating the prices of such products.

Mr Jackson said Hong Kong did not have these large types of manufacturers who were able to sacrifice initial profits for future gains. Nor were companies receiving Government subsidies. Instead they allowed free market forces to control business.

"Therefore our companies have to be profitable and have to respond to direct competition, so dumping is not something we would expect from Hong Kong," he said.

Zenith Company also recently asked the U.S. Administration to look at imports of television sets from 10 countries, including Hong Kong but the investigations have yet to be completed.

Mr Jackson said the Hong Kong Government was concerned about the allegations of the European Commission on the dumping of Hong Kong-made audio cassettes and denim cloth.

"They're no more than allegations at the moment and we have doubts whether these claims are true," he said.

The official investigations have yet to be announced.

Some audio cassette makers have already been hit by anti-dumping levies, ranging from 8.1 percent to 59.3 percent, on the video cassettes they manufacture and sell to Europe.

Last week, representatives of eight of these makers met trade officials to discuss appealing the move, the first such measure by Europe to affect Hong Kong.

Editorial Warns on 'Dumping' Claims
HK0401062589 Hong Kong SOUTH CHINA
MORNING POST in English 4 Jan 89 p 14

[Editorial: "Dumping Claims Can Disguise Protectionism"]

[Text] Asia's exporters should be wary of the growing readiness of major importing nations to accuse them of seeking unfair trading advantages through the practice known as "dumping." Some export industries are certainly unscrupulous and deserve to suffer the effects of sanctions. But there is a danger that some Western nations, which profess free-trade sentiments but which in fact harbour protectionist inclinations, may use the misdemeanours of the minority to punish the majority who are not guilty.

Disguised protectionism in the form of "dumping" allegations is a looming threat to Asian exports. They offer a fast-track method of putting the brake on imports. Charges can be levelled quickly, with penalties applied unilaterally and arbitrarily. The burden of proof rests with the accused, and the appeal process is protracted and not always successful.

Another advantage of using "dumping" allegations is that they do not require any legislative approval, with all the delays involved in that more formal process. Once a "dumping" charge has been made, importing countries can impose punitive levies or embargoes immediately.

"Dumping" is a serious charge. It involves the exporter selling a large volume of goods at below the generally accepted market price—sometimes at a loss—in a bid to win all or part of a market. Once market position has been secured, usually by the low-priced product driving out local competitors, the price is increased to profitable levels.

Allegations of "dumping" have been cited against Hong Kong on four occasions during the last 20 months by the United States and the European Community (EC). Last week the U.S. announced it had exonerated Hong Kong from charges of "dumping" thermostatic plugs. But this came only after an exhaustive eight-month probe.

Companies dealing with the EC have not been so lucky. The EC recently has imposed extra duties ranging from 8.1 percent to 59.3 percent on locally-manufactured video cassettes and denim fabrics after accusing local exporters of unfair trading practices. At no time before the imposition of the penalties were Hong Kong manufacturers given the chance to repudiate the allegations. The EC is expected to take similar action soon against Hong Kong-made audio cassettes.

Hong Kong is more vulnerable to "dumping" allegations than most because of its current export advantages. While an independent member of the General Agreement of Tariffs and Trade, it has easy access to the European market as a British dependent territory. This enviable position has not gone unnoticed however. The EC now is using the ambiguity of the "country of origin" rule under GATT in an attempt to restrict the sale of Hong Kong television sets, on the premise that the bulk of these items were supposedly made in China for local exporters.

Because of the heavy reliance on Chinese labour by Hong Kong manufacturers, the government has adopted the appropriate rule that any product qualifies as domestic, as long as 25 percent of its content originates from the territory. The "country of origin" rule in the EC, on the other hand, stipulates that a product has to have 40 percent local content before it can be labelled domestic. Hong Kong has been accused of "dumping" simply because its labelling system differs from those of the EC.

This disagreement will not easily be resolved. The Hong Kong economy is too integrated with China for it to comply immediately with stringent EC regulations. The EC is in a belligerent mood as it gains confidence from the approach of a free-trade Europe in 1992, and its ongoing disputes with the U.S. over farm subsidies and meat imports.

With the international trade atmosphere so volatile, Asian exporters would be wise to be even more cautious and scrupulous than usual, so as not to provoke the wrath of importing countries looking for an excuse to put up barriers, albeit temporary. This means the avoidance of any trade practice that might be construed as "dumping," as well as the creation of a genuine open market for goods from the EC and the U.S. Asian exporters have everything to lose in a trade war.

U.S. Joins Search for Missing PRC Seamen
OW0301193889 Beijing XINHUA in English
1523 GMT 3 Jan 89

[Text] Hong Kong, January 3 (XINHUA)—A joint air and sea search for two people reportedly missing from a sunken Chinese vessel at a location about 20 nautical miles southeast of Hong Kong has been in progress since this morning.

A spokesman for the Marine Department of the Hong Kong Government said a military aircraft and two marine police launches had been tasked to conduct the search in the area.

Meanwhile, two U.S. Navy vessels, which were departing from Hong Kong this morning after a visit, also joined the search at the request of the department's maritime rescue co-ordination center.

Rescuing actions were taken immediately after distress signals from an "epirb"—an emergency distress device—were picked up this morning, the spokesman said.

It was later confirmed that a Hong Kong yacht had earlier rescued five Chinese from the sea while en route to Hong Kong from the Philippines.

The yacht, having searched in vain for about an hour for two other seamen said to be missing activated the "epirb" signal before leaving the scene.

No other information is available at this stage.

Governor's New Year Message Calls for 'Renewal'
OW3112224588 Beijing XINHUA in English
1233 GMT 31 Dec 88

[Text] Hong Kong, December 31 (XINHUA)—The Hong Kong governor, David Wilson, encouraged people of Hong Kong in the New Year message he gave today to act together to make Hong Kong an even better and cleaner place to live in.

The governor said in his message that the end of the year is both a time for remembrance and a time for renewal.

"We in Hong Kong need only to look around us to see tangible evidence of our progress during 1988. Our economy is doing well. Our infrastructure is soundly based and we are making further strides in education and social services."

But he also said that "there is much that still remains to be done."

He said, "That same enthusiasm and enterprise that have gone into improving our material wellbeing can, and must, be used to improve the quality of life for our community as a whole."

"We can afford to find more time, and show greater concern, for those less able to fend for themselves. And we can act together, with greater resolve, to make Hong Kong an even better, cleaner place to live in," he said.

Report on Liberals, Elections in 1991
HK0201082189 Hong Kong HONGKONG STANDARD
in English 2 Jan 89 pp 1, 3

[By Kathy Chan: "Liberals Will Be Out for the Kill in 1991 Direct Elections"]

[Text] Liberal leaders will be out in force for the first direct elections to Hong Kong's highest law-making body in 1991.

Those eyeing the 10 directly elected seats to the Legislative Council [Legco] include Mr Martin Lee Chu-ming, Mr Szeto Wah, Dr Conrad Lam Kui-shing, Mr Yeung Sum, Mr Ng Ming-yam and Mr Li Wing-tat.

THE HONGKONG STANDARD has learnt the "Big Three" of the liberal camp—the Hong Kong Affairs Society, Meeting Point and the Association for Democracy and People's Livelihood (ADPL)—recently came to a gentleman's agreement on constituencies and contestants.

So far, 17 liberals have shown an interest, but Meeting Point chairman Mr Yeung Sum said it was too early to decide on a list.

He did admit the "Big Three" had set up a special task force for better co-operation in the 1991 elections. "We have agreed in principle that we should not compete against each other in the same constituency."

"We should help each other and support members of friendly groups in the 1991 elections," he said.

Although the Government has yet to announce the delineation of the 10 geographical constituencies for the Legislative Council elections in 1991, the liberals have drawn up their own boundaries.

It is understood Mr Martin Lee and Mr Yeung Sum may contest the commercial-cum-residential districts of Central/Western and Southern where they both live and work.

Another possible runner in this constituency is Dr Anthony Ng, a member of the Hong Kong Affairs Society, who flatly denied any interest in the race.

Hong Kong Affairs Society president, Mr Albert Ho Chun-yan, is assessing his chances in Kowloon City—a stronghold of leftwing forces. This is where the headquarters of the 170,000-member leftwing Hong Kong Federation of Trade Unions is located.

Mr Ho, a solicitor, lost to veteran Urban Councillor Mr Peter C. K. Chan in the 1986 Urban Council elections.

Another member of the society, Mr Chang Sai-cheong, who will be running in the Urban Council elections in Kowloon City in March, is also said to be interested in the 1991 race.

The society's vice-president, Mr Man Sai-cheong, is expected to run in the Eastern and Wan Chai areas. Mr Man is also an elected Urban Councillor and a solicitor.

It is understood Mr Szeto Wah is eyeing Kwun Tong. He is the principal of a primary school in the district.

But it would depend on whether another liberal giant, Mrs Elsie Tu, tries a comeback to Legco from the overcrowded district. Another likely contestant would be Meeting Point vice-chairman Mr Fred Li.

Another possibility for Mr Szeto would be Mong Kok and Yau-Tsim where the head office of the powerful Hong Kong Professional Teachers' Union is located. But he would probably face tough opposition against candidates from the Progressive Hong Kong Society and Reform Club.

Dr Conrad Lam, former Legco member who lost in the last Legco race to Mr Michael Cheng Tak-kin, will try again in Wong Tai Sin.

In the working district of Sham Shui Po, two long-term Urban Councillors and close allies, Mr Lee Chik-yuet and Mr Fung Kin-kee, are said to be keen on the race.

The pair are formidable liberal figures in the district who successfully established a strong grassroots network through their people's livelihood concern groups over the past few years.

But the real fun for Meeting Point and the Association for Democracy and People's Livelihood should come in the new Territories.

Two leading members of the ADPL and Regional Councillors, Mr Lee Wing-tat, a teacher, and Mr Chan Wai-yip, a social worker, are keen on the Kwai-Tsing and Tsuen Wan districts. Mr Lee is also chairman of Kwai-Tsing District Board.

Mr Ng Ming-yam, Meeting Point member and a teacher, is interested in Tuen Mun.

Should the Government decide to lump the three districts into one constituency, a compromise would have to be struck about liberal representation.

There are three potential liberal candidates in the New Territories East areas, which may include Tai Po and Sha Tin.

They are Mr Michael Lai, a social worker and Mr Wong Fook-wah, an executive manager, two Meeting Point members and the Reverend Fung Chi-wood, an ADPL member.

Liberal Candidates for the 1991 Lead Poll: Urban Constituencies

Central/Western and Southern	Martin Lee, Yeung Sum, Anthony Ng
Eastern and Wan Chai	Man Sai-cheong
Kwun Tong	Szeto Wah, Fred Li Wong
Tai Sin	Conrad Lam
Kowloon City	Albert Ho Chun-yan, Chang Sai-cheong
Mong Kok & Yau Tsim	Szeto Wah (if Elise Tu competes in Kwun Tong)
Sham Shui Po	Fung Kin-kee, Lee Chik-yuet
New Territories Constituencies Tuen Mun and Kwai Tsing	Lee Wing-tat, Chan Wai-yip
Tuen Mun	Ng Ming-yam
Sha Tin and Tai Po	Fung Chi-wood, Wong Fook-wah, Michael Lai

Lobby Calls for Referendum on Future This Year HK0201082789 Hong Kong HONGKONG STANDARD in English 2 Jan 89 p 2

[Text] More than 88,000 signatures have been collected by the liberal lobby on their petition calling for a referendum this year on Hong Kong's post-1997 political future.

The petition will be presented to Basic Law drafters in Guangzhou next week by members of the Joint Committee for the Promotion of Democratic Government.

A 15-member committee delegation will also present drafters with petitions taken up by the Star Ferry hunger strikers.

Calling for a rejection of Mr Louis Cha's "mainstream political model" hunger strikers collected 45,000 signatures.

A committee spokesman said last night he was encouraged by the number of people backing the call for a referendum.

"Mr Cha has no statistical evidence for his mainstream model, but we now have a clear foundation of support," said Mr Yeung Sam.

Only 50,000 were expected to sign the petition, taken up at 35 MTR [mass transit railway] and KCRC [Kowloon Canton Railway Company] stations during the weekend.

Liberal activities including Mr Martin Lee Chu-ming toured stations in support of the petition.

Given the wet weather and time and manpower constraints 88,071 signatures was a pleasing result, Mr Yeung said.

As to how Basic Law drafters would react to the call, he said: "It is impossible to predict the result."

The committee hoped Chinese officials would make arrangements to give the petition to the drafters. Mr Yeung was trying to enlist the help of Mr Xu Jiatun, director of the XINHUA NEWS AGENCY (Hong Kong Branch), who he hoped to meet next week.

Basic Law drafters begin a one-week plenary session in Guangzhou next Monday. It is expected they will finalise all major revisions to the "mainstream model".

The liberals' call for a referendum this year in Hong Kong is a move to counteract the model which they denounce as undemocratic.

Exports Exceed 1988 Expectations
HK0201075289 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST SUPPLEMENT)
in English 2 Jan 88 pp 1, 3

[By Amelia Cabatit]

[Text] The year 1988 was kind to Hong Kong exporters despite expectations of a slowdown in the global economy.

Exports last year rose 30 percent over 1987, and the total value of trade for the year is projected to reach \$215 billion according to a study by the Hong Kong Trade Development Council (TDC).

The re-export share of Hong Kong's total exports rose sharply from 44 percent in 1986 and 48 percent in 1987 to 55 percent last year.

Growth rate for re-exports was a hefty 50 percent while domestic exports posted only a 10 percent growth.

The trend may appear alarming. But TDC economist Anna Lai said the overall growth rate was healthy and re-exports' bigger slice of the export pie was not due to a bad performance by domestic exports.

Rather it was a reflection of Hong Kong's rising fortunes as a service centre for China.

China was both a strong market and a source for re-exports, she said, adding that infrastructural developments were expected to arise from this in the coming year, as Hong Kong increasingly assumed the role of an entrepot for China and as a collection and distribution centre for the region's trade.

While 1986 and 1987 were years of double-digit growth, 1988 was a year of consolidation.

Although domestic exports continued to grow, there was a slowdown in export growth by as much as eight percent in the first half of the year. Exports to major markets, such as the U.S. in particular were affected.

Based on global factors, the TDC predicts a good year for 1989 despite an expected slowdown in the world economy's growth.

The 1989 growth rate for total exports should be about 30 percent, taking into account projected growth rates of nine percent for domestic products and 50 percent for re-exports.

The weakening of the U.S. dollar last year has had a tremendous impact on Hong Kong.

The local currency's slide relative to other currencies such as the yen and the German mark has boosted the competitiveness of Hong Kong products and in turn contributed towards an increase in domestic exports.

But the flipside is ominous: the faltering dollar has made the territory vulnerable to inflationary pressures.

The overheating of the Hong Kong economy in the form of spiralling salaries coupled with labour shortages has been compensated by manufacturers relocating production bases across the border in the Pearl River delta region.

On the global market scene, an underlining diversification of production was seen which has made Hong Kong less dependent on the U.S. market.

While recent statistics on Hong Kong's bilateral trade with the U.S. show a significant trade surplus in the territory's favour, this has steadily been declining.

There was also a significant rise in imports from the U.S. last year. A free trade environment and increased spending power for the territory has helped the U.S. shoulder its way into the local market.

Economists forecast a check on growth of U.S. demand for Hong Kong goods.

But there is a bright side regarding foreign markets: the TDC has identified the Asia-Pacific region as a major potential market for its exports, a shift from its historical role as a supplier.

This year saw the launch of an aggressive promotional attack on Asia-Pacific markets: Japan, Taiwan, South Korea, Thailand and Singapore in particular.

Exhibitions were specially organised to familiarise the region with Hong Kong products, concentrating on banishing the concept that made in Hong Kong means low quality.

The growth rate of Asian countries' consumption of Hong Kong goods was impressive: Japan's imports rose by 14 percent in the first eight months of last year, Taiwan's by 52 percent, Thailand's by 32 percent, Indonesia's by 31 percent, Malaysia's by 18 percent, and Singapore's by 38 percent.

This year will see an even greater thrust to take advantage of the momentum generated by last year's TDC promotions: more than 162 events in more than 30 countries. Eastern Europe will also be a major target.

Hong Kong exports got another promotional boost from Governor Sir David Wilson's five-day visit to Europe to push free trade.

Sir David was concerned that the unification of the European Community would lead to the replacement of internal trade barriers with external barriers that would harm Hong Kong.

But Europe's economic strength and strong demand levels are expected to continue well into 1989, fuelling Hong Kong's export growth.

Meanwhile, several developments are likely to affect the level of future Hong Kong exports.

The U.S. decided at the beginning of this year to revoke duty-free export privileges granted to Asia's four tigers.

The decision makes Hong Kong, along with South Korea, Taiwan and Singapore, ineligible for duty-free privileges under the Generalised System of Privileges, a system to help underdeveloped nations.

Last year Hong Kong's exports to the U.S. were valued at about \$70 billion and tariffs waived under the system totalled some \$700 million. But industry representatives

said the overall impact of the move would not have a serious effect on exports and they felt Hong Kong was now competitive enough to sell products successfully without the benefit of the GSP system.

Products most affected will be toys, sports equipment, telephones and various household items.

The U.S. decision sparked some concern that the EC would follow suit but Hong Kong trade official David Skinner said this was unlikely to happen in the near future, if at all.

The U.S. and the EC bestow GSP benefits and handle the schemes independent of each other. Furthermore, the next review of the community's GSP benefits was scheduled and there could be major changes at that point.

It had been the EC's policy to graduate Hong Kong from the system on a product-by-product basis for the past three or four years and this was expected to continue.

One development last year with worrying future repercussions was a rash of investigations by the EC into dumping of video cassette tapes, mobile telephones and television sets by Hong Kong-based firms.

Five electronics firms—including giant manufacturer Luks Industrial Co Ltd—were accused of dumping small screen colour television sets onto the EC market, selling at up to 51 percent less than the price locally.

The local manufacturers insist their only crime was to be more cost efficient than those in Europe.

Trade officials said the most controversial issue in dumping cases was how a fair price was defined. The problem was that the EC could use comparative prices to the detriment of Hong Kong manufacturers.

Hong Kong trade officials said they were considering whether to challenge the EC's anti-dumping rules.

They also voiced concern that the actions taken by the EC went against the anti-dumping code under the GATT.

Secretary for Trade and Industry Hamish Macleod highlighted the problem in his address to a GATT ministerial meeting.

Anti-dumping measures could be a disguise for protectionism, he warned in an appeal for homogenised rules of origin.

The problem is one that looks set to continue this year unless officials manage to settle it either direct with the EC or by agreeing on homogenised rules through GATT talks.

The EC, for example, requires 45 percent value added by a country for it to be considered the country of origin, while Hong Kong stipulates only 25 percent.

The United States passed a tighter new Trade Act in August.

Two provisions in the new law in particular worry local manufacturers. The first is downstream product monitoring which allows the U.S. Commerce Department to slap an anti-dumping order on components of finished products from Japan, even if they come via another country.

The second is the provision aimed at circumventing "screwdriver operations"—the shifting of simple assembly from a country subject to anti-dumping legislation to another, using materials from the first country.

Hong Kong's electronics and watch industries use a substantial amount of Japan and Taiwan-made parts. Assistant director for trade Tony Miller warned that Hong Kong could be seriously affected by the application of both these provisions as the Trade Bill contained a provision under which smaller producers of goods could be subject to anti-dumping fines if a larger producer was found guilty of such an act.

The issue could also be aggravated by the trend for local manufacturers to shift production bases to China and other low-cost countries.

The Trade Department is worried that Hong Kong-China joint ventures may become targets of anti-dumping suits.

One such case was Sewn Headwear, which was accused of selling products labelled "Made in China" in the U.S. at less than their fair value, causing injury to similar U.S.-made goods.

Probably the best avenue for resolving such issues, the General Agreement on Tariffs and Trade, saw talks virtually break down in Montreal earlier this month over disagreement between the EC and the U.S. on agricultural issues.

Secretary for Trade and Industry Mr MacLeod described the outcome as disappointing and said GATT was on trial.

Macao

Joint Liaison Group To Hold Third Meeting
HK0301041589 Hong Kong HONGKONG STANDARD in English 3 Jan 89 p 3

[By Harald Bruning in Macao]

[Text] The third meeting of the Sino-Portuguese Joint Liaison Group [JLG] will be held in Macao from January 11 to 13.

It will be the first such JLG meeting in Macao.

According to Annex II of the Sino-Portuguese Joint Declaration, the JLG is to meet alternatively in Lisbon, Beijing and Macao during the first year and to set up a permanent office in Macao after that.

The JLG, set up in January last year, will wind up on January 1, 2000, 11 days after the enclave reverts to Chinese rule.

Observers expect there will be several contentious points on the agenda next week.

Beijing is unhappy with Macao's slow localization drive and also with the fact that Chinese has still not become an official language.

The Chinese government is said to be worried about the possible repercussions these two issues may have on the local administration after the change-over on December 20, 1999.

There are only a handful of Chinese civil servants in executive positions and only three percent of the population have a working knowledge of Portuguese.